Citigroup
Global Markets Deutschland AG

Frankfurt am Main

Registration Document

30 May 2018

TABLE OF CONTENTS

1. RISK FACTORS

The material risk factors, which may affect Citigroup Global Markets Deutschland AG's (the "**Issuer**", the Issuer belonging to the Citigroup Inc. Group (Citigroup Inc. together with its subsidiaries the "**Citigroup Group**" or the "**Citigroup**")) ability to meet its obligations under the securities, are described as follows. Before deciding to purchase securities, investors should carefully read and consider the following specific risks and all of the other information contained in this Registration Document and in the relevant prospectus. The occurrence of these risks, either independently or simultaneously with other circumstances, may substantially impair the Issuer's business activities or have a material adverse effect on the Issuer's assets and liabilities, financial position and profits and losses or on the ability to trade the securities on the secondary market. The sequence in which the following risks are presented is not intended to be either an indication of the probability of their occurrence, their gravity or their importance. An investment in the securities offered by the Issuer may be subject to additional risks and issues, which are currently unknown to the Issuer or which the Issuer currently believes are immaterial, but which could likewise impair the Issuer's business and business prospects and have a material adverse effect on the Issuer's assets and liabilities, financial position and profits and losses. **Investors may lose all or part of their investment (risk of total loss) if the Issuer is unable to meet its obligations under the securities or if the price of their securities falls as a result of the occurrence of one or more of the risks described herein, or if the securities can no longer be traded on the secondary market.**

1.1 Credit risks

The Issuer is exposed to the risk that third parties which owe the Issuer money, securities or other assets will not perform their obligations. These parties include the Issuer's clients, trading counterparties, clearing agents, exchanges, clearing houses and other financial institutions. These parties may default on their obligations to the Issuer due to lack of liquidity, operational failure, bankruptcy or other reasons.

The Issuer differentiates these credit risks between settlement risks and pre-settlement exposures. The settlement risk is the risk incurred by the Issuer if the Issuer duly performs under a contract on settlement day, but the client does not perform. The pre-settlement exposure is the risk incurred by the Issuer if the client is unable to meet its obligations under a contract and the Issuer must therefore cover the position in the market again.

1.2 Market price risks

The market risk is the risk of making a loss as a result of changes in market prices, in particular as a result of changes in foreign exchange rates, interest rates, equity and commodities prices as well as price fluctuations of goods and derivatives. Market risks result primarily because of an adverse and unexpected development in the economic environment, the competitive position, the interest rates, equity and exchange rates as well as in the prices of commodities. Changes in market price may, not least, result from the extinction of markets and accordingly no market price may any longer be determined for a product. Credit and country specific risks or internal events resulting from price movements of the underlying assets are also considered as market risk.

The most important types of trading businesses offered by the Issuer from a risk perspective are:

- Warrants in equity, commodity and foreign exchange assets as well as the corresponding hedging transactions
- Issuance and trade in investment certificates in equity, commodity and foreign exchange as well as the corresponding hedging transactions
- Repos and Reverse Repos with Group companies

For measuring the derivative trading activities, the Issuer is connected to the group-wide risk monitoring system. It cannot be ruled out that risk monitoring system do not or not sufficiently identify risks and/or that respective measures for the compensation of risks are not sufficient. The Issuer may incur losses as a result of ineffective risk management processes and strategies.

1.3 Liquidity risks

Liquidity is the ability of a financial institution to fund increases in assets and meet obligations. Liquidity risk is the risk that the firm will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs. The Issuer is managed in accordance within the liquidity risk section of the minimum requirements for risk management (*Mindestanforderungen an das Risikomanagement* - MaRisk) issued by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungen* - BaFin) as well as Citi' Liquidity Risk Management Policy. Both Treasury and Risk Management are responsible for liquidity risk oversight.

If the Issuer faces liquidity shortenings, then the Issuer may not be able to fulfill its obligations under the issued securities in a timely manner or at all.

1.4 Risk of disrupted securities clearing and settlement or disrupted exchange trading

Whether the investor buys or sells his securities, exercises the rights of the securities or receives payment of the redemption amount by the Issuer, all these events can only be affected by the Issuer with the support of third parties such as clearing banks, stock exchanges, the depository agent, the depository bank of the investor or various institutions involved in financial transactions. If, for whatever reason, the ability of such participating parties to provide their services is impaired, then for the period of such disruption, the Issuer will not be able to accept an exercise of any securities rights or to deliver on any securities trades or to pay the disbursement amount upon final maturity. Possible reasons of a disruption of the securities settlement on the part of the Issuer or on the part of the third parties necessary for securities settlement include, for example, technical disruptions as a result of power failures, fires, bomb threats, sabotage, computer viruses, computer errors or attacks. The same applies in the event such disruptions occur at the security holder's custodian bank. The consequence of a disruption of the securities clearing and settlement or a disruption of the exchange trading would be a delay in the settlement of the transactions concerned.

1.5 Issuer risk due to the hive-down of the Banking Business

On 27 April 2018 (“**Closing Date**“) the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as “**Banking Business**“), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. The Issuer's warrants and certificates business was not affected by these measures. The Banking Business was transferred by way of a hive-down and new formation (*Ausgliederung zur Neugründung*) pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (*Umwandlungsgesetz*; “**UmwG**“) to a newly established German limited partnership (*Kommanditgesellschaft*) (“**Hive-Down Vehicle**“) whose limited partner (*Kommanditist*) was the Issuer and whose general partner (*Komplementär*; personally liable partner) was Citibank Europe plc. When the hive-down took effect by means of its registration in the Issuer's commercial register, the Issuer sold and transferred its limited partnership interest in the Hive-Down Vehicle to the general partner. Therefore, all partnership assets (including any related liabilities) of the Hive-Down Vehicle (in particular the assets of the former Banking Business) were transferred, automatically and by virtue of law, to Citibank Europe plc by way of universal succession (“**Accretion**“).

The protection of the Issuer's creditors with respect to the liabilities transferred as part of the hive-down and the liabilities remaining with the Issuer is governed by § 125 UmwG in conjunction with §§ 22, 133 UmwG. Pursuant to these provisions, the Issuer and the Hive-Down Vehicle are, in relation to third parties, jointly and severally liable to the creditors for any liabilities of the Issuer which have been created prior to the Closing Date (“**Legacy Liabilities**“). The Issuer is, in principle, jointly and severally liable for a period of five years. The period applicable to pension liabilities under the German Company Pensions Act (*Betriebsrentengesetz*) is ten years. As between themselves, the Issuer and the Hive-Down Vehicle will have compensation claims against each other if they are held liable. In deviation from the relevant statutory provision, the Issuer and the Hive-Down Vehicle agreed that (i) the Hive-Down Vehicle will be liable for Legacy Liabilities relating to the Banking Business and (ii) the Issuer will only be liable for Legacy Liabilities relating to any of the business units remaining with the Issuer. Accordingly, they will have mutual contractual claims for indemnification.

As of the date of the Accretion, any contractual claims for indemnification are claims against Citibank Europe plc, which assumes the legal position of the Hive-Down Vehicle.

If the Issuer is held liable by a creditor, the Issuer will therefore be exposed to the risk that Citibank Europe plc does not or cannot meet its indemnification obligation due to lack of liquidity, operational failures, insolvency or other reasons. In this case, the Issuer will independently be economically liable to creditors for the corresponding Legacy Liabilities with the assets remaining with the Issuer.

In addition, even after its withdrawal as limited partner of the Hive-Down Vehicle, the Issuer continues, for a period of five years, to be liable for any liabilities of the Hive-Down Vehicle which have been created prior to the date of its withdrawal. In this case, however, the Issuer's liability is limited to the amount of the liable contribution (*Haftsumme*) registered in the commercial register (1,000 euros).

If the Issuer is held liable for Legacy Liabilities and if Citibank Europe plc does not fulfill its indemnification obligation due to lack of liquidity, operational failures, insolvency or other reasons, or if it cannot meet them, it may materially adversely affect the financial condition of the Issuer.

1.6 Risks due to the Bank Recovery and Resolution Directive and the German Restructuring and Resolution Act

At European level, the EU institutions have enacted an EU Directive which defines a framework for the recovery and resolution of credit institutions (the so-called *Bank Recovery and Resolution Directive*, the "**BRRD**") as well as the regulation (EU) No.806/2014 of the European Parliament and the Council of 15 July 2014 (the Single Resolution Mechanism – "**SRM**") which has entered into force in substantial parts on 1 January 2016 and establishes a uniform winding-up procedure within the euro area. The BRRD has been implemented in the Federal Republic of Germany by the Restructuring and Resolution Act (*Sanierungs- und Abwicklungsgesetz* – "**SAG**"). The SAG came into force on 1 January 2015 and grants significant rights for intervention of the Federal Financial Supervisory Authority *(Bundesanstalt für Finanzdienstleistungen* – "**BaFin**") and other competent authorities in the event of a crisis of credit institutions or of investment firms, including the Issuer.

The SAG empowers the competent national resolution authority to apply resolution measures. BaFin has been the national resolution authority in Germany since 1 January 2018. It has taken over this task from the previously responsible Financial Market Stabilisation Authority (*Bundesanstalt für Finanzmarktstabilisierung* - "**FMSA**").

Subject to certain conditions and exceptions, the BaFin is empowered to permanently write down liabilities of the institutions, including those from Warrants and Certificates issued by the Issuer ("Bail-in"), or to convert them into equity instruments. Furthermore, the debtor of the Warrants and Certificates (therefore the Issuer) can obtain another risk profile than originally or the original debtor can be replaced by another debtor (who can possess a fundamental other risk profile or another solvency than the Issuer) following resolutions of the BaFin with regard to the SAG. Any such regulatory measure can significantly affect the market value of the Warrants and Certificates as well as their volatility and might significantly increase the risk characteristics of the investor’s investment decision. Investors in Warrants and Certificates may lose all or part of their invested capital in a pre-insolvency scenario (risk of total loss).

1.7 Brokering of transactions for other Group companies and allocation of work within Citigroup Group

The vast majority of the Issuer's brokerage commission income is income from transfer pricing arrangements, which the Issuer receives for brokering transactions between the Issuer's customers and the various Citigroup companies. The Issuer is remunerated using a global settlement model (Global Revenue Allocation, “GRA“), which primarily provides for a revenue split. This applies to all major business areas. The Issuer enjoys a close working relationship in all areas, primarily with Citigroup Global Markets Limited, London, Citibank Europe plc, Dublin, and Citibank, N.A., London.

If a decision is taken within the Citigroup Group that the responsibilities in question should be reallocated among other Group companies, then the Issuer could lose a significant source of income.

1.8 Trading risks related to derivative securities issued by the Issuer

The most important trading risks in warrants trading and/or in the issuance of other derivative instruments by the Issuer are the settlement and/or replacement risks associated with the Issuer's counterparties (specifically the end customers' own banks or brokers) when clearing and settling trades in the issued securities, and the risks that remain after extensive hedging of open positions, which were entered into when the securities were issued.

In order to cover the open positions resulting from the issued securities, the Issuer will execute hedging transactions, which are linked to various risk variables in the risk model used by the Issuer, such as the relevant underlying, the volatility of the underlying, the term to expiry, the expected dividends or the interest rate. Particularly worthy of mention in this context are the risks arising from changes in the volatility of the underlying and so-called “gap risks“ as a result of unexpected jumps in the price of the underlying, which can generate losses above all where hedging transactions are executed in order to cover sold knock-out securities. At best, the Issuer can to a large extent close out the open risk positions resulting from the issued securities, but it will be unable to close them out completely or enter into matching positions for all open positions.

If a counterparty of the Issuer defaults, and such counterparty also happens to be one of the Issuer's important sales partners, clearing and settling a large number of customer transactions with the Issuer each day, then there is a risk that hedging transactions, which are entered into by the Issuer before completing the relevant trade in order to close out a risk position arising from transactions in its own securities previously executed with such party, cannot be closed or have to be closed and need to be unwinded afterwards because of the counterparty's default.

Likewise, the default of one of the Issuer's other counterparties with whom a large number of hedging transactions have been executed could also expose the Issuer to liquidity shortenings, if new or higher costs have to be incurred in order to replace the original contracts.

1.9 Pension fund risk

Pension fund risks are risks for which a subsequent contribution for a financial loss resulting from an economic loss results in one of the Issuer's responsible pension funds. If the issuer has to make any subsequent contributions, this may adversely affect the financial position of the Issuer.

1.10 Operating risks

- Outsourcing risk

  The Issuer has outsourced many functions that are essential for duly managing and controlling its transactions and the risks resulting therefrom to other companies within and outside of the Citigroup Group. If the companies to which such functions have been outsourced fail to comply with their contractual obligations within the prescribed time or at all, then this could also impair the Issuer's ability to timely meet its own obligations under the issued securities.

- Settlement risk

  There is a risk that a business transaction is incorrectly processed or that a transaction is executed which is different from the intentions and expectations of the Issuer's management.

- Information risk

  There is a risk that information, which was generated, received, transmitted or stored within or outside the Issuer's place of business, can no longer be accessed. Furthermore, such information may be of poor quality, or have been wrongly handled or improperly obtained. The information risk also includes risks that are generated by systems and used for processing information.

- Personnel risk

  The Issuer has a high demand for qualified and specially trained professionals and managers. Personnel risk entails the risk of high staff turnover and the risk that the Issuer will be unable to retain a sufficient staff of qualified personnel, as well as the risk that the Issuer's employees may knowingly or negligently violate established regulations or the firm's business ethics standards.

- Risks of fraud

  There are risks of fraud, i.e. both internal and external risks of fraud such as bribery, insider trading and theft of data.

- Reputational risk

  There is a reputation risk that results from damage to customer relationships as a result of inadequate services or incorrect execution of business transactions. There is also the risk of entering into business relationships with counterparties whose business practices do not comply with the standards or business ethics of the Issuer.

The risks described above can have a negative impact on the customer relationship or the relationship with the local supervisory authorities.

1.11 Tax risks

The tax assessment notices served on the Issuer are typically provisional and made subject to an audit by the German tax authorities or a decision on specific issues by the relevant courts. This is a common procedure that allows tax authorities – in connection with a tax audit or following a general tax ruling by a competent tax court – to levy additional taxes years after a tax assessment was issued.

Additional tax claims can have a significant negative impact on the financial position of the Issuer.

1.12 Legal and regulatory risks

The Issuer views legal risks as any and all risks resulting from binding contracts and governing legislation. Regulatory risks result from the legal environment in which the Issuer does business.

The realization of legal risks or an increase in regulatory requirements may significantly increase the Issuer's operating expenses and may have negative impacts on the financial position of the Issuer.

2. PUBLICATION AND VALIDITY OF THE REGISTRATION DOCUMENT

This Registration Document will be published by being made available free of charge at the Issuer's business address (Citigroup Global Markets Deutschland AG, New Issues Structuring, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main) as of the day of its approval by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungen* – BaFin). In addition, the Registration Document will be published in electronic form on the Issuer’s website www.citifirst.com (under the rider Products>Legal Documents>Registration Forms).

This Registration Document shall be valid for twelve months after its approval; this Registration Document solely represents the status of the information contained in it at the time of its approval.

The Issuer may choose to produce a new registration document to replace this Registration Document whenever significant new information regarding the Issuer is available.

THIS REGISTRATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY OR TO ENTER INTO ANY AGREEMENT AND CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG IS NOT SOLICITING ANY ACTION BASED UPON IT. NOBODY HAS BEEN AUTHORISED BY CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG TO RELEASE MORE INFORMATION OR CONFIRMATIONS THAN PROVIDED IN THIS REGISTRATION DOCUMENT. IF THOSE INFORMATION AND CONFIRMATIONS ARE STILL GIVEN, INVESTORS SHOULD NOT RELY ON THEM AS IF THEY WERE AUTHORISED BY CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG.

3. PERSONS RESPONSIBLE

Citigroup Global Markets Deutschland AG, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, accepts responsibility for the information contained in this Registration Document. The Issuer is entered in the commercial register of the Local Court of Frankfurt/Main under registration number HRB 88301.

The Issuer declares that to the best of its knowledge the information contained in this Registration Document is correct and no material facts have been omitted.

Where information in this Registration Document has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

4. STATUTORY AUDITORS

The statutory auditor of the Issuer during the period covered by the historical financial statements in this Registration Document (fiscal year from 1 January 2017 through 31 December 2017, short fiscal year from 1 December 2016 through 31 December 2016 and fiscal year from 1 December 2015 through 30 November 2016) was and respectively is

KPMG AG
Wirtschaftsprüfungsgesellschaft
THE SQUAIRE
Am Flughafen
D-60549 Frankfurt am Main.

The Issuer's statutory auditor is a member of the chamber of auditors listed below:

Wirtschaftsprüferkammer
Körperschaft des öffentlichen Rechts
Rauchstraße 26
10787 Berlin

5. BUSINESS HISTORY, DEVELOPMENT AND REGISTERED OFFICE OF THE ISSUER

5.1 Business history of the Issuer

The Issuer is Citigroup Global Markets Deutschland AG, Frankfurt am Main.

The Issuer was founded in Germany and is entered in the commercial register of the Local Court of Frankfurt/Main under registration number HRB 88301.

Prior to the merger of Citigroup Global Markets Deutschland GmbH with Citibank AG & Co. KGaA on 12 September 2003, the Issuer conducted business under the name Citibank AG & Co. KGaA.

Citibank AG & Co. KGaA emerged from the organic restructuring of Citibank Aktiengesellschaft on 4 August 2003. Citibank Aktiengesellschaft had operated under this name since 7 October 1992 and, prior thereto, had conducted business as Citibank Invest Kapitalanlagegesellschaft mbH. In connection with the reorganisation of the Citicorp companies in Germany, Citibank Invest Kapitalanlagegesellschaft took over the banking operations from the former Citibank AG, which was then renamed Citibank Beteiligungen Aktiengesellschaft.

Citigroup Global Markets Deutschland GmbH emerged on 4 August 2003 from an organic restructuring of Citigroup Global Markets Deutschland AG, which until 4 April 2003 had traded under the name of Salomon Brothers AG. Upon the merger of Citigroup Global Markets Deutschland GmbH into Citibank AG & Co. KGaA, any and all rights and duties of Citigroup Global Markets Deutschland GmbH passed automatically to Citibank AG & Co. KGaA as the universal legal successor (*Gesamtrechtsnachfolger)*. Citigroup Global Markets Deutschland GmbH was dissolved.

<u>Spin-off agreement 2008</u>

Prior to the reorganisation of the German part of Citigroup in 2008, which is described in more detail below, the sole shareholder of both the Issuer, formerly Citigroup Global Markets Deutschland AG & Co. KGaA, and the former general partner of the Issuer, Citigroup Global Markets Management AG, was Citicorp Deutschland GmbH, which in turn was a wholly-owned subsidiary of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG. Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG committed to transfer, inter alia, all of its shares in Citicorp Deutschland GmbH to a third party. However, the Issuer, formerly Citigroup Global Markets Deutschland AG & Co. KGaA, and its former general partner, Citigroup Global Markets Management AG, were explicitly excluded from this transfer.

In order to retain the Issuer, formerly Citigroup Global Markets Deutschland AG & Co. KGaA, and its former general partner, Citigroup Global Markets Management AG, within the German Citigroup Group a spin-off was carried out. Citicorp Deutschland GmbH agreed to transfer to Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG with retroactive effect as of 2 January 2008 (i) all shares in the Issuer, (ii) all shares in the Issuer's former general partner, (iii) the control and profit (loss) transfer agreement between Citicorp Deutschland GmbH as controlling entity and the Issuer as controlled entity, (iv) the control profit (loss) transfer agreement between Citicorp Deutschland GmbH as controlling entity and the Issuer's former general partner as controlled entity, and (v) the silent partnership agreement between Citicorp Deutschland GmbH as silent partner and the Issuer. The spin-off agreement has become effective on 25 September 2008.

The sole managing general partner of the Issuer was Citigroup Global Markets Management AG, Frankfurt am Main. The sole limited shareholder was Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, which was also the sole shareholder of Citigroup Global Markets Management AG.

<u>Change in legal form of the Issuer and merger of its former general partner 2010</u>

On 17 September 2009, Citigroup Global Markets Deutschland AG & Co. KGaA has changed its fiscal year by resolution of the General Meeting. With effect from 1 December 2009 the fiscal year began on 1 December of each year and ended on 30 November of the following year. The reporting year 2009 therefore was a short fiscal year which began on 1 January 2009 and ended on 30 November 2009.

In order to simplify the current group structure in Germany and to achieve associated reductions in costs, the annual general meeting of the Issuer further resolved on 21 April 2010 to transform the Issuer into a public limited company (*Aktiengesellschaft*) under German law and henceforth operate under the name Citigroup Global Markets Deutschland AG. The change in legal form became effective on 10 June 2010 when it was filed in the commercial register.

In addition and following the change in legal form of Citigroup Global Markets Deutschland AG & Co. KGaA, Citigroup Global Markets Management AG was merged with the Issuer. Upon completion of the merger, which became effective on 23 June 2010 when it was filed in the commercial register, Citigroup Global Markets Management AG as the Issuer's former general partner ceased to exist. All rights and obligations passed automatically to the Issuer as its universal legal successor (*Gesamtrechtsnachfolger*).

<u>Exit of the silent partner as of 30 November 2015</u>

The silent partner contribution of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG was repaid by the Issuer as of 30 November 2015. As contribution therefore, the Issuer received a capital infusion from Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG for the same amount, which was then apportioned to the Issuer's capital reserves. These transactions resulted in an increase in the regulatory equity capital.

Change of fiscal year as of 1 January 2017

On 29 August 2016, and pursuant to a shareholder resolution Citigroup Global Markets Deutschland AG & Co. KGaA elected to change its fiscal. The fiscal year had previously begun on 1 December of a given year and ended on 30 November of the following year. Effective 1 January 2017, the fiscal year will begin on 1 January of a given year and end on 31 December of the same year. A short financial year has been established for the period of 1 December through 31 December 2016.

Restructuring of business activities in April 2018

On 27 April 2018 the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as "**Banking Business**"), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. The Banking Business was transferred to a German limited partnership by way of a hive-down and new formation pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (*Umwandlungsgesetz*; "**UmwG**"), followed by an accretion at Citibank Europe plc. Following the completion of the transfer, the ownership structure of the Issuer has been changed within the Group.

Hive-down of the Banking Business

As transferring entity, the Issuer transferred all assets, rights and liabilities predominantly allocable to the Banking Business to a newly established German limited partnership ("**Hive-Down Vehicle**") as acquiring entity by way of partial universal succession, in return for a limited partnership interest in the Hive-Down Vehicle involving a limited partnership contribution (contribution under the partnership agreement (*Pflichteinlage*) and liable contribution (*Haftsumme*)) of 1,000 euros. The general partner (*Komplementär*; personally liable partner) of the Hive-Down Vehicle was Citibank Europe plc. The assets, rights and liabilities of the Issuer which were not allocable to the Banking Business – in particular the Issuer's own issuances business – were not transferred to the Hive-Down Vehicle and are therefore not affected by this measure.

The hive-down effective date was 1 January 2018, 00.00 hrs. From this point in time onwards, the Issuer's actions and transactions with respect to the Banking Business have, in the internal relationship between the parties, been deemed to have been made for the account of the Hive-Down Vehicle.

The hive-down plan was notarised on 13 April 2018 and the hive-down took effect upon its registration in the Issuer's commercial register on 27 April 2018 ("**Closing Date**"). At that point in time, the assets belonging to the Banking Business (including any related liabilities) were transferred to the Hive-Down Vehicle by way of partial universal succession.

Accretion of the Banking Business at Citibank Europe plc

Upon registration of the hive-down on the Closing Date, the Issuer sold and transferred its limited partnership interest in the Hive-Down Vehicle to the only other partner of the Hive-Down Vehicle, Citibank Europe plc. Thus, all partnership assets of the Hive-Down Vehicle (in particular the Banking Business) were transferred, automatically and by virtue of law, to Citibank Europe plc by way of universal succession ("**Accretion**").

Change in the ownership of the Issuer

Upon registration of the hive-down in the Issuer's commercial register and the accretion on the Closing Date, the Issuer's previous parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, sold and transferred the shares in the Issuer held by it to Citigroup Global Markets Limited with registered office in London, United Kingdom. Thus, Citigroup Global Markets Limited has become the new parent company of the Issuer. With effect from 24.00 hrs on the Closing Date, the existing control and profit (loss) transfer agreement between the Issuer and its current parent company was terminated. Upon termination of the control and profit (loss) transfer agreement, the special statutory creditor protection provisions of § 303 German Stock Corporation Act (*Aktiengesetz*, "**AktG**") apply. Pursuant to § 303 AktG, the Issuer's current parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, will have to provide collateral to the Issuer's creditors for any claims which have arisen prior to the announcement of the registration of the control and profit (loss) transfer agreement's termination in the commercial register, provided that the creditors request Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG to do so within a period of six months following the announcement of the registration of the control and profit (loss) transfer agreement's termination. Once this period has expired, the creditors will not be able to assert any further claims against the Issuer's current parent company.

<u>Change of fiscal year as of 28 April 2018</u>

On 31 January 2018, and pursuant to a shareholder resolution Citigroup Global Markets Deutschland AG elected to change its fiscal again. Effective 28 April 2018, the fiscal year will begin on 28 April of a given year and end on 27 April of the following year. A short financial year has been established for the period of 1 January 2018 through 27 April 2018.

5.2 Development of the Issuer

On 27 April 2018 the banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units), which has so far been operated by the Issuer, was transferred to Citibank Europe plc. The Issuer's warrants and certificates business was not affected by these measures. The Issuer's remaining activities will continue to be conducted in the form of a securities trading bank.

On 27 April 2018 the Issuer's previous parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, sold and transferred the shares in the Issuer held by it to Citigroup Global Markets Limited with registered office in London, United Kingdom. Thus, Citigroup Global Markets Limited has become the new parent company of the Issuer.

For further information on the restructuring see sub-heading "*Restructuring of business activities in April 2018*" above, under "*5.1 Business history of the Issuer*".

With the exception of the restructuring mentioned under "*5.1 Business history of the Issuer*", there have been no significant events that may have a material impact on the assessment of the Issuer's solvency.

5.3 Registered office of the Issuer

The Issuer has its registered office in Frankfurt am Main and has a branch office in London.

The Issuer is a public limited company (*Aktiengesellschaft*), which is organised under the laws of Germany.

The Issuer's address is:

Citigroup Global Markets Deutschland AG
Frankfurter Welle
Reuterweg 16
D-60323 Frankfurt am Main.

Telephone: +49 (0) 69-1366-0

6. BUSINESS OVERVIEW OF THE ISSUER

6.1 Principal Activities

6.1.1 Overview

The Issuer is a securities trading bank, offering companies, governments and institutional investors comprehensive financial strategies in investment banking, fixed income, foreign exchange and equities and derivatives. In addition, it is also a major issuer of warrants and certificates, the final acquirers of which are mainly private customers. Furthermore, the Issuer's business line has also included Citi Private Bank – Family Office Coverage Germany and Covered Bond Research.

6.1.2 Equity, Warrants and Certificates, Equity & Derivative Sales

(a) Warrants and Certificates

The Issuer issues warrants, knock-out warrants (turbo warrants), Factor/Leverage & Short Certificates and other derivative certificates (investment products). The products are primarily distributed in Germany and beyond that in Finland, France, the Netherlands, Portugal and other countries, as the case may be.

The securities reference primarily shares, share indexes, exchange rates, futures, commodities and structured underlyings. The publicly offered securities are listed on exchanges and are sold almost exclusively through its own dealer sales either continuously over stock exchanges or off-exchange (particularly warrants) or - in the case of certain certificates subject to subscription periods - are offered through its own dealer sales or through distribution partners. In the case of warrants, OTC sales concluded with institutes that are linked to the electronic trading system CATS actually exceed sales generated on stock exchanges. The main part of the Issuer's equities business are the trading transactions, especially exchange-traded futures on shares and share indexes, which the Issuer executes in order to hedge the warrants and certificates it has sold. The Issuer's London branch executes the hedging transactions for securities related to the aforementioned underlyings.

(b) Equity Sales and Sales-Trading

The Equity Sales Department is divided into the Global Equity Sales Desk (for advising and consulting institutional investors on the purchase and sale of global equities); the Program Trading Desk (for marketing portfolio products); and the Global Sales Trading Desk (to serve as an interface when advising on customer order placements, order taking and order forwarding to the other Citigroup Trading Desks). The Equity Sales Trading Department forwards customer orders for execution to the relevant trading areas, e.g. of Citigroup Global Markets Limited, London or Citigroup Global Markets Inc., New York.

(c) Equity Derivative Sales

The Equity Derivative Sales Department offers investments in equity and index-linked derivatives to institutional clients. Such derivatives generally include options, futures, swaps or delta-1 certificates.

6.1.3 Capital Markets and Fixed Income Sales

(a) Debt Capital Markets

In the Debt Capital Markets, the Issuer supports Group companies with the acquisition and structuring of new offerings of interest bearing securities or transactions based thereon for its customers in the private (companies and financial institutions) and public sector (federal government, state government) in Germany and Austria and assists its customers in issuing and placing such securities (debt capital markets).

Depending on the customer's needs or the market conditions, the individual transactions may be executed in any currency. Transactions may be structured in the form of securities, loans or notes and may be marketed either alone or through a consortium.

(b) Fixed Income Sales

The Issuer also supports its customers in hedging existing financial risks or in solving individual financial issues by brokering structured interest and credit derivatives, which serve to hedge interest and foreign exchange risks in virtually all currencies (Fixed Income Sales). The services for structured products, for fixed income products and of all types and asset-backed securities products, for highly liquid fixed income products and for fixed income and currency products on new markets (Emerging Markets) are performed by Fixed Income Sales.

The transactions of Debt Capital Markets and Fixed Income Sales are brokered by the Issuer's employees to Citigroup Global Markets Limited, London and to other group companies.

(c) Foreign Exchange Management

The Issuer brokers currency options, currency derivatives and currency spot and forward transactions for its customers through its employees to the London office of Citibank N.A, Citibank Europe plc, Dublin (London Branch), and Citigroup Global Markets Limited, London.

6.1.4 Corporate and Investment Banking ("CIB")

Via its support team, CIB delivers Citigroup's global financial services to German corporates, financial institutions and public sector clients and their subsidiaries around the world.

The Issuer brokers the entire range of equity capital-raising products through publicly listed companies, including the underwriting, placement and settlement and clearing of capital increases with pre-emptive rights, initial public offerings in connection with the placement of a capital increase, and equity-linked instruments such as convertible bonds, warrant-linked bonds or warrants for raising new equity capital. With the exception of capital increases, the Issuer brokers the aforementioned instruments also for purposes of placing existing share parcels. This relates primarily to the block placement and/or accelerated block placement of share parcels held by existing shareholders, equity-linked instruments and initial public offerings. The trades are brokered to other companies within the Citigroup Inc. Group.

The Issuer also offers advisory services on national and cross-border mergers and acquisitions for purchasers or sellers of companies or corporate holdings.

CIB supports clients in their financing needs, liquidity management solutions, risk management and ensures that the clients' needs and those of its subsidiaries are met by the Issuers global network. In that function CIB is working very closely around the globe with the financial institutions belonging to Citigroup.

In connection with the global working relationships within Citigroup, in particular trading transactions are brokered to foreign financial institutions within the Group on behalf of the customers, whereby the costs incurred by the Issuer as well as the income generated by the partner companies are allocated via transfer pricing arrangements.

6.1.5 Citi Private Bank – Family Office Coverage Germany

The Issuer supports Citigroup's Private Banking business in respect of assistance to family offices in Germany (so-called Family Offices) and asset management companies and foundations. In this area the Issuer only arranges business activities and marketing activities for other group entities and business lines within Citigroup.

6.1.6 Fixed Income Research: Covered Bond and Sub-Sovereign, Supras and Agency ("SSA") Research

As part of the Interest Strategy Team located in London, the local research team concentrates on primary and secondary market developments and regulatory changes within the various segments of the covered bond market and the SSA markets denominated in Euro. In addition, interest rate futures are also analyzed.

6.1.7 Treasury

Corporate Treasury manages the capital, funding and liquidity of the Issuer. It manages and provides oversight of liquidity risk, interest rate risk and currency translation risk; and supports the funding of products, risk management, product innovation, funding strategy and establishes best practices for accessing the capital markets. Treasury conducts ALCO (Asset Liability Committee) meetings with key stakeholders on a regular basis to review balance sheet, set monitoring limits and triggers and liquidity management.

6.1.8 Special significance of brokering transactions for other Citigroup companies

The vast majority of the Issuer's brokerage commission income is income from transfer pricing arrangements, which the Issuer receives for brokering transactions between the Issuer's customers and the various Citigroup companies. The Issuer is remunerated using a global settlement model (Global Revenue Allocation, "GRA"), which primarily provides for a revenue split. This applies to all major business areas. The Issuer enjoys a close working relationship in all areas, primarily with Citigroup Global Markets Limited, London, Citibank Europe plc, Dublin, and Citibank, N.A., London.

The income generated by brokering transactions entails no risks of credit default and market price.

6.1.9 Derogation from generally described business procedures

In general, the Issuer is authorised to handle any and all transactions that are permissible under the Issuer's articles of association and/or licence. Where this Registration Document describes the procedures by which transactions relating to certain business areas are brokered to other enterprises within the Citigroup Group, such procedures may be deviated from at any time, particularly in individual cases.

6.2 Principal markets

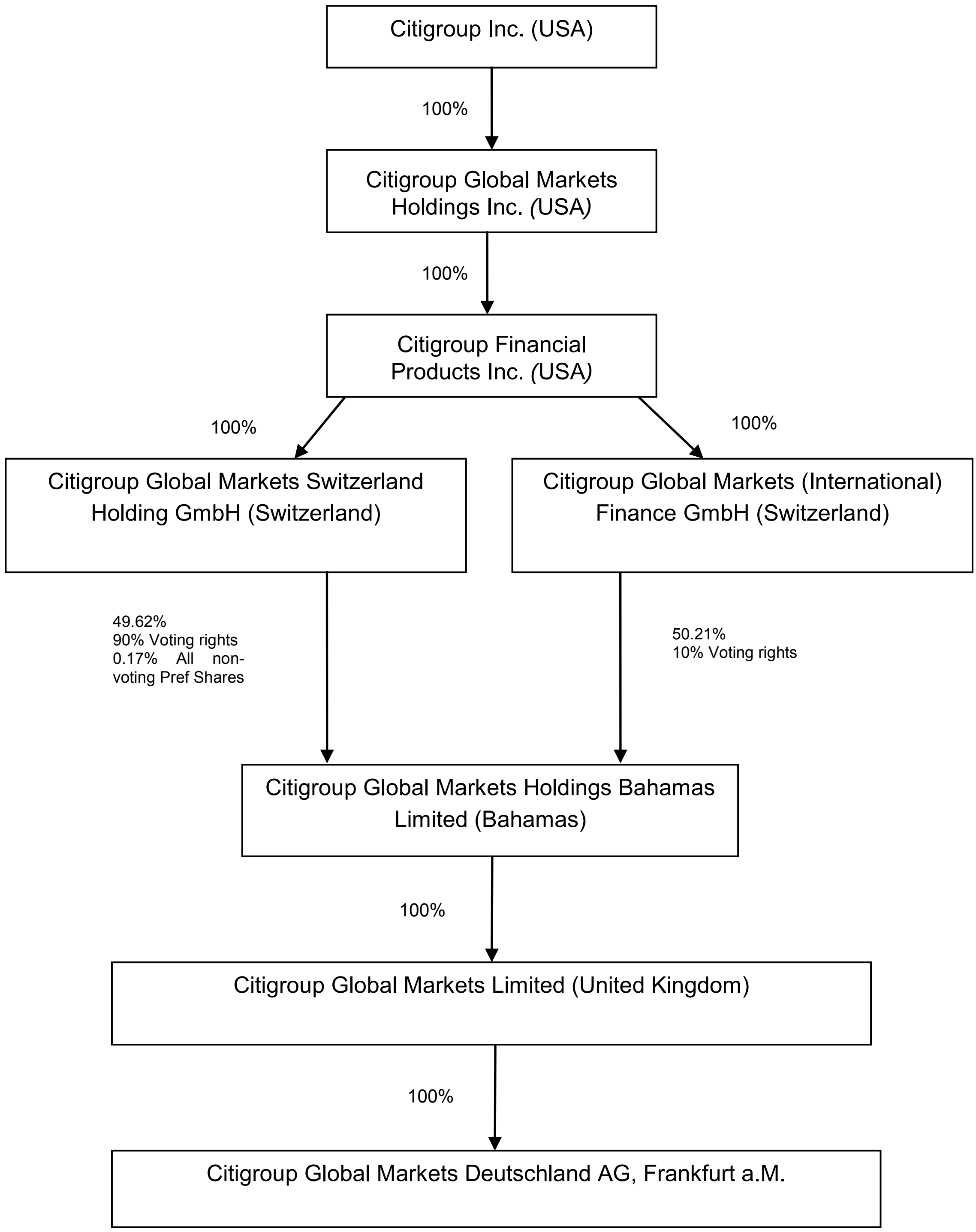
The principal market on which the Issuer conducts business is Germany.

7. ORGANISATIONAL STRUCTURE OF THE ISSUER

The Issuer is a member of the German subgroup of Citigroup. As a public limited company, it is managed by the executive board. The Issuer is 100% owned by Citigroup Global Markets Limited with registered offices in London which in turn is an indirect wholly owned subsidiary of Citigroup Inc. (USA).

The rest of this page has been deliberately left blank.

Schedule: Affiliation of the Issuer with the German subgroup of Citigroup



8. TREND INFORMATION

The Issuer hereby declares that there have been no material adverse changes in the prospects of the Issuer since the date of its last audited financial statements, i.e. 31 December 2017.

8.1 Outlook for the overall economy[1]

With respect to the development of the global economy, the Issuer is forecasting a moderate increase in the growth rate from 3.2% to 3.4%. The growth rate is expected to climb from 2.2% to 2.4% in industrial countries and from 4.7% to 4.8% in emerging countries.

In 7 of the 10 industrial countries, the prime (base) rate is expected to be rise, by 75 basis points in the United States and Canada and by 25 basis points in the United Kingdom, Australia, New Zealand, Norway and Sweden. Moreover, 2018 will be turning point for bond purchasing by the central banks in the industrial countries. The net bond purchases made by industrial countries will decrease sharply, and the US Federal Reserve will reduce its balance sheet totals and the European Central Bank will end its bond purchasing program. The Bank of Japan will be the only central bank in the industrial countries that will continue to make significant bond purchases.

The year 2017 was an important year for international trade due to, among other things, the termination of the Trans-Pacific Partnership (TPP) by the United States. In 2018, there could be other significant changes. Open issues include the findings from investigations related to Chinese practices involving intellectual property (under Section 301 of the U.S. Trade Act 1974) and the effects of steel and aluminum imports on national security (under Section 232 of Trade Expansion Act of 1962). In addition, NAFTA and KORUS (the free trade agreement between the US and Korea) will enter into new rounds of negotiation in 2018.

As a result of tax cuts and increased government spending, the growth rate for the US economy should be approximately 2.7% in 2018 and 2.4% in 2019. The Issuer expects a USD 1.5 trillion increase in the US budget deficit over the next 10 years due to the lowering of corporate income tax rates from 35% to 20% and a net reduction in personal tax payments that will be triggered thereby.

In 2018, the Eurozone is expected to report a slight increase in growth, from 2.1% to 2.4%. The countries of the Eurozone are either in a late recovery phase or in the early bloom phase. In that phase, it is common to see corporate profits rise. This leads to a CAPEX cycle that is facilitated through bank loans. Given the phase in which the Eurozone currently finds itself, the Issuer believes that the likelihood of a recession is very small. The European Central Bank is not expected to continue its bond purchasing after September 2018 and will also not raise interest rates until that point in time.

---

[1] Source: Citigroup Research "Global Economic Outlook and Strategy" dated 27 November 2017

The Issuer is not expecting any major economic instability in Spain because of the conflict with Catalonia. The independence of Catalonia is viewed as a rather unlikely scenario even in the long-term.

For Germany, the Issuer is forecasting a moderate increase in growth, from 2.6% in 2017 to 2.7% in 2018. In contrast thereto, the Bank does expect growth to decline to 2.3% in 2019. An increase in demand for capital goods should benefit production in Germany and lead to a further export boom. An increase in domestic demand is also expected due to higher employment levels and immigration. Irrespective of the new elections, the gross domestic product will increase by 1% through 2021.

8.2 Outlook for the banking industry

The development for the banking industry remains challenging. Up until the end of 2017, prices on the financial markets rose considerably, yet fear of a looming market correction has grown among investors. Nevertheless, the Issuer views a recession as unlikely. An elevated government and corporate debt load could, however, threaten the stability of the financial markets.

In 2018, banks will need to monitor and adhere to more regulatory measures such as reporting requirements or the MiFID II implementation, and new digital services and alliances in Fintech.

At the moment, London is the largest financial center in Europe. If the United Kingdom should lose its access to the single market following its exit, then such a situation would have far-reaching consequences for the financial sector in the EU.

9. PROFIT FORECASTS OR ESTIMATES

This document does not contain any profit forecasts or profit estimates.

10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

The Issuer is a public limited company (*Aktiengesellschaft*), which is organized under the laws of Germany. The sole shareholder is Citigroup Global Markets Limited.

The supervisory board of the Issuer consists of the following members:

- Hans W. Reich, Kronberg, Director, Chairman, having his business address at Reuterweg 16, 60323 Frankfurt am Main;
- Bradley Gans, London, Director, Deputy Chairman, having his business address at Citibank N.A. United Kindgom, 25 Canada Square, Canary Warf, London E14 5LB, United Kingdom;
- Tim Färber, Kelsterbach, employee representative, having his business address at Reuterweg 16, 60323 Frankfurt am Main.

The executive board of the Issuer consists of the following members:

- Stefan Wintels (Chief Executive Officer (CEO)), Frankfurt am Main, Director, Strategy, Business Planning, Client Relationship (Bank), Public Relations, Investment Banking, Human Resources and Audit*;
- Dr. Silvia Carpitella, Frankfurt am Main, Director, Balance and Forecast, Corporate Treasury / Liquidity Management and Tax;
- Thomas Falk, Hochheim/Main, Director, Risk Controlling, Credit and Model Risk Management, Money Laundering and Compliance*;
- Stefan Hafke, Kelkheim, Director, Corporate Banking (Client Relationship) and Commercial Banking (Client Relationship)
- Andreas Hamm, Dreieich, Director, Internal Organization, Transaction Settlement (Public Listed Products), Information Technology, Organizational, Settlement & Outsourcing Control as well as Data Protection Officer*;
- Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Director, Legal Department, Secretary Office of the Board, Regulatory Matters, Fixed Income Research as well as Corporate Security and Investigations;
- Christian Spieler, Bad Homburg v.d.H., Director, Equity and Equity Derivatives Sales, Sales and Trading Equity and Warrants Business (Public Listed Products), Distribution of Fixed Income and Credit Derivatives & Structured Finance Solutions, Foreign Exchange Sales & Management, Bond Issues Business, Securities Services (Prime, Futures and Securities Services Sales & Client Coverage), Short-Term Liquidity Management, Private Banking, Executive Department Markets and Security Services as well as Issuer Services (legacy);

* Report in their capacity to the Board

all having their business address at Reuterweg 16, 60323 Frankfurt am Main.

The following persons hold the following jobs unrelated to the Issuer, which are significant with respect to the Issuer:

- None.

11. CONFLICTS OF INTEREST

There are no potential conflicts of interest between the private interests or other obligations of the persons named in subsection 10 above and the obligations which those persons owe to the Issuer.

12. MAJOR SHAREHOLDERS

The sole shareholder of the Issuer is Citigroup Global Markets Limited.

Regarding the Issuer's integration into the Citigroup Inc. Group see the discussion in subsection 7.

There are no inter-company agreements within the meaning of § 291 German Stock Corporation Act (*Aktiengesetz*) with Citigroup Global Markets Limited or other companies of the Citigroup Group.

13. ARRANGEMENTS THE EXECUTION OF WHICH MAY AT A SUBSEQUENT DATE RESULT IN A CHANGE IN CONTROL OF THE ISSUER.

The Issuer has no knowledge of any arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

Furthermore, it should be noted that Citigroup is continuously verifying the appropriateness of its organizational structure.

14. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

14.1 Financial statements

The Issuer's annual financial statements for fiscal year 2017 and 2016 respectively are included in this Registration Document under "*19. Historical Financial Information*" on pages E-1 through E-42 (fiscal year from 1 December 2017 through 31 December 2017), under "*19. Historical Financial Information*" on pages F-1 through F-43 (short fiscal year from 1 December 2016 through 31 December 2016) and under "*19. Historical Financial Information*" on pages G-1 through G-38 (fiscal year from 1 December 2015 through 30 November 2016).

14.2 Auditing of historical annual financial information

The annual financial statements including the bookkeeping system for the fiscal year from 1 December 2017 through 31 December 2017, the short fiscal year from 1 December 2016 through 31 December 2016 and the fiscal year from 1 December 2015 through 30 November 2016, which are included in this document, were audited by the Issuer's statutory auditor and certified with an unqualified auditor's opinion.

14.3 Significant change in the financial condition or trading position of the Issuer

There has been no material change in the Issuer's financial condition or trading position since the end of the fiscal year completed on 31 December 2017.

15. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

16. MATERIAL CONTRACTS

The Issuer has not executed any contracts outside the ordinary course of business, which could result in a Citigroup Inc. Group company incurring an obligation or receiving a right, which would be deemed material to the Issuer's ability to meet its obligations to security holders in respect of the securities being issued.

17. STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTERESTS

None.

18. DOCUMENTS ON DISPLAY

During the valid term of this Registration Document, copies of the following documents are available for inspection:

(a) the Issuer's articles of association;

(b) the audited annual financial statements of the Issuer the fiscal year from 1 December 2017 through 31 December 2017, for the short fiscal year from 1 December 2016 through 31 December 2016 and the fiscal year from 1 December 2015 through 30 November 2016.

A hard copy of the documents (a) and (b) may be inspected during normal office hours at the Issuer's place of business located at the following address: Legal Department, Reuterweg 16, 60323 Frankfurt am Main.

The rest of this page has been deliberately left blank.

19. HISTORICAL FINANCIAL INFORMATION

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 JANUARY 2017 THROUGH 31 DECEMBER 2017

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 DECEMBER 2016 THROUGH 31 DECEMBER 2016

FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 DECEMBER 2015 THROUGH 30 VOVEMBER 2016

Balance Sheet as of December 31, 2017
Citigroup Global Markets Deutschland AG, Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	12/31/2016 TEUR
1. Cash reserve				
a) Cash on hand		-.--		-
b) Credit balances held at central banks		33,950,807.04		6,879
of which: at the German *Bundesbank* (German Central Bank) EUR 33,950,807.04 (12/31/2016 TEUR 6,879)				
c) Credit balances held at post giro offices		-.--	33,950,807.04	6,879
2. Receivables from banks				
a) Due upon demand		113,634,629.59		148,146
b) Other receivables		3,673,752,377.54	3,787,387,007.13	3,488,135
3. Receivables from clients			152,745,722.28	131,837
of which: secured through *in rem* security interests *(Grundpfandrechte)* EUR -.-- (12/31/2016 TEUR -)				
municipal loans EUR -.-- (12/31/2016 TEUR -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government entities	-.--			-
ab) issued by other entities	-.--	-.--		-
b) Bonds and debt securities				
ba) issued by government entities	-.--			-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (12/31/2016 TEUR -)				
bb) issued by other entities	-.--	-.--		-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (12/31/2016 TEUR -)				
c) Own debt securities		-.--	-.--	-
face value EUR -.-- (12/31/2016 TEUR -)				

5.	**Stocks and other variable-yield securities**		-.--	-
5a	**Trading portfolio**		6,184,398,400.52	5,026,986
6.	**Equity investments**		1,135,714.07	1,136
	of which: held in banks EUR -.-- (12/31/2016 TEUR)			
	held in financial service institutions EUR -.-- (12/31/2016 TEUR -)			
7.	**Intangible assets**			
	a) Internally generated industrial property rights and similar rights and assets	-.--		-
	b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	-.--		-
	c) Goodwill	-.--		-
	d) Prepayments	-.--	-.--	-
8.	**Tangible assets**		2,500,429.06	2,640
9.	**Other assets**		32,683,690.22	15,125
10.	**Prepaid and deferred items**		115,427.95	725
11.	**Excess of plan assets over post-employment benefit liability**		-.--	-
	Total assets		10,194,917,198.27	8,821,609

		EUR	EUR	EUR	12/31/2016 TEUR
					Liabilities and equity capital
1. Liabilities owed to banks					
a) Payable on demand			732,073,244.32		963,051
b) Having an agreed term or notice period			65,039,806.09	797,113,050.41	24,928
2. Liabilities owed to clients					
a) Savings deposits					
aa) with an agreed notice period of three months		-.--			-
ab) with agreed notice period of more than three months		-.--	-.--		-
b) Other liabilities					
ba) payable on demand		1,798,471,758.14			1,234,399
bb) having an agreed term or notice period		895,331,102.04	2,693,802,860.18	2,693,802,860.18	830,336
3. Securitized liabilities					
a) Issued debt securities			-.--		-
b) Other securitized liabilities			-.--		-
of which:					
Money market paper	EUR -.-- (12/31/2016 TEUR -)				
Own acceptances and promisory notes outstanding	EUR -.-- (12/31/2016 TEUR -)				
c) Miscellaneous securitized liabilities		-.--	-.--	-.--	-
3a Trading portfolio				5,941,232,257.87	5,034,428
4. Other liabilities				83,371,295.85	65,574

5. Deferred income				197,376.53	206
6. Accrued liabilities					
a) Pensions and similar obligations			18,473,147.00		11,145
b) Tax reserves			-.--		-
c) Other accrued liabilities			41,912,815.12	60,385,962.12	41,318
7. Funds for general bank risks as defined in § 340e (4) HGB				28,333,610.23	25,743
8. Equity capital					
a) Subscribed capital					
aa) registered share capital		210,569,889.00			210,570
ab) silent partner capital		-.--	210,569,889.00		-
b) Capital reserve		318,967,162.22	318,967,162.22		318,967
c) Earnings reserves					
ca) legal reserve		33,027,197.15			33,027
cb) reserves for treasury shares		-.--			-
cc) reserves required by articles of association		-.--			-
cd) other earnings reserves		27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)			-.--	590,480,785.08	590,481
Total liabilities and equity capital				10,194,917,198.27	8,821,609

	EUR	EUR	12/31/2016 TEUR
1. Contingent liabilities			
a) Contingent liabilities arising from transferred and cleared bills of exchange	-.--		-
b) Liabilities arising from guarantees and warranty contracts	563,475,255.52		475,448
c) Liabilities arising from security furnished on behalf of third parties	-.--	563,475,255.52	-
2. Other obligations			
a) Redemption obligations under repurchase agreements	-.--		-
b) Placement and underwriting obligations	-.--		-
c) Irrevocable lines of credit	449,059,287.46	449,059,287.46	492,788

Income Statement

for the period of January 1, 2017 through December 31, 2017

Citigroup Global Markets Deutschland AG, Frankfurt am Main

	EUR	EUR	EUR	12/1/2016-12/31/2016 TEUR
1. Interest income from				
a) Loans and money market transactions	6,476,006.03			639
2. Negative interest income from				
a) Loans and money market transactions	14,133,293.03	-7,657,287.00		1,563
3. Interest expenses	2,743,624.86			262
4. Positive interest from loans and money market transactions	8,567,899.65	5,824,274.79	-1,833,012.21	593
5. Current income from				
a) Shares and other variable-yield securities		-. --		-
b) Equity investments		19,808.70		-
c) Interests in affiliated enterprises		-. --	19,808.70	-
6. Commission income		187,708,090.98		16,393
7. Commission expenses		9,026,304.46	178,681,786.52	129
8. Net income from financial trading operations			66,155,524.10	335
included therein are deposits into special accounts per § 340g HGB EUR 2,590,097.88 (12/1/2016-12/31/2016 TEUR --)				
9. Other operating expenses			20,259,721.32	931
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	64,824,167.26			5,074
ab) social security contributions, pension and welfare expenses	7,449,037.67	72,273,204.93		518
of which: for pensions EUR 3,317,976.69 (12/1/2016-12/31/2016 TEUR 218)				
b) other administrative expenses		103,894,339.32	176,167,544.25	6,995
11. Depreciation, amortisation and write-downs of tangible and intangible assets			736,973.14	63
12. Other operating expenses			19,579,150.67	329
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		-. --		76

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	784,230.28	784,230.28	25
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations		67,584,390.65	3,907
17. Extraordinary income		-. --	-
18. Extraordinary expenses		-. --	-
19. Extraordinary result		-. --	-. --
20. Taxes on income and earnings	702,008.63		191
21. Other taxes, to the extent not included in item 12	-.--	702,008.63	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		66,882,382.02	3,715
24. Annual net income		-. --	-
25. Profit carried forward/loss carried forward from prior year		-. --	-
		-. --	-
26. Transfers from capital reserves		-. --	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated earnings (balance sheet profit)		-. --	-

Cash Flow Statement in accordance with DRS no. 2-10

	2017 TEUR	Short Fiscal Year 2016 TEUR
Annual Net Income	**0**	**0**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial assets	-5,888	-2,369
Change in accruals	16,342	-7,941
Changes in other non-cash expenses/income	1,806	51
Gain/loss from the sale of financial and tangible assets	-	-
Other adjustments (in net terms)	-9,775	290
Subtotal:	**2,485**	**-9,969**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	-151,106	-292,935
- from clients	-20,124	14,139
Debt securities and other fixed-income securities	-	-
Trading portfolio assets	-1,157,412	-430,666
Other assets from current operating activities	-16,949	1,184
Liabilities:		
- owed to banks	-190,865	261,835
- owed to clients	629,068	26,002
Securitized liabilities	-	-
Trading portfolio liabilities	906,804	409,449
Other liabilities from current operating activities	67,340	-673
Interest and dividend payments received	25,562	950
Interest paid	-16,489	-1,431
Income tax payments	702	191
Cash flow from current operating activities	**79,016**	**-21,924**
Payments received from the sale of		
- Financial assets	1,497	605
- Tangible assets	1	76
Payments made for investments in		
- Financial assets	-3,665	-
- Tangible assets	-599	-100
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**-2,766**	**581**
Payments received from contributions to equity capital (capital increases, sale of own shares, etc.)	-	-
Payments made to company owners:		
- Dividend payments	-49,178	-
- Other outgoing payments		-
Change in cash resources other capital (in net terms)	-	-
Cash flow from financing activities	-49,178	-
Cash and cash equivalents at the end of previous period	**6,879**	**28,222**
Cash flow from current operating activities	79,016	-21,924
Cash flow from investing activities	-2,766	581
Cash flow from financing activities	-49,178	-
Cash and cash equivalents at the end of the period	**33,951**	**6,879**

Statement of Changes in Equity

The Bank’s equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/loss TEUR	Total equity capital TEUR
Per December 31, 2016	210,570	318,966	60,944	-	590,480
Capital increases/ sale of own shares	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other changes	-	-	-	-	-
Result December, 2016	**-**	**-**	**-**	**-**	**-**
Per December 31, 2017	210,570	318,966	60,944	-	590,480

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Deutschland AG
Frankfurt am Main

Notes to the Financial Statements for Fiscal Year 2017

1. Bases of the Accounting

Citigroup Global Markets Deutschland AG, Frankfurt am Main ("CGMD"), is a German stock corporation with its registered offices in Frankfurt am Main. Since June 10, 2010, it has been recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 88301.

On August 29, 2016 and pursuant to a shareholder resolution, the Company elected to change its fiscal year. The fiscal year had previously begun on December 1st of a given year and ended on November 30th of the following year. As of January 1, 2017, the fiscal year begins on January 1st of a given year and ends on December 31st of the same year. A short fiscal year was established for the period of December 1 through December 31, 2016. The information for the fiscal year therefore relates to December 31, 2017, whereas the information for the prior year relates to December 31, 2016. Due to the short 2016 fiscal year, the year-over-year comparisons are possible only to a limited extent only.

The subscribed capital of CGMD includes the registered share capital of EUR 210,6 million. The registered share capital is divided into 8,236,778 no-par value shares, which are held by Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG (CKG), Frankfurt am Main.

The annual financial statements for fiscal year 2017 were prepared in accordance with the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

2. Accounting and Valuation Methods

Commercial law requirements concerning the valuation of ownership and liability items and relating specifically to banks were observed in the valuation of the assets and liabilities.

Money market transactions are recognized at their face value or nominal amount. Money market transactions in foreign currencies are measured on the basis of § 256a HGB in combination with § 340h HGB.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the fiscal year.

Receivables from clients are recorded at the repayment amount plus accrued interest less any allowances established to cover loan-related risks.

The valuation (recognition) of **financial instruments in the trading portfolio** is done at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are initially recognized at their cost of acquisition. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed pursuant to the hierarchical order of valuation criteria set forth in § 255 (4) HGB. Any financial instruments, for which no active market exists, will be valued using generally accepted valuation methods (above all, option pricing models). In general, these methods are based on estimates of future cash flow, while taking into account any risk factors that may apply. The most important factors are the price of the underlying, implicit volatilities, yield curves and dividend forecasts. Where the stock market price is used in the valuation, the average stock market price shall apply.

As of December 31, 2017, the risk discount equaled TEUR 301 for the foreign currency risk trading book, TEUR 3,373 for the equities and index risk trading book, and TEUR 195 for the other trading book. The underlying value at risk (VaR) figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, the Bank applied - as of the balance sheet date - a discount to the Other Price Risk Trading Book in the form of a "market value adjustment" totaling TEUR 1,490, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

Equity investments are stated at their cost of acquisition less unscheduled write-downs.

Only **intangible assets,** which have been acquired for consideration, are stated at the costs of acquisition less straight-line amortization, In the event of a permanent impairment, an unscheduled write-down is taken.

Tangible assets are stated at acquisition cost less straight line-depreciation, In the event of a permanent impairment, an unscheduled write-down is taken.

Liabilities owed to banks and **liabilities owed to clients** are stated at their settlement amount [*Erfüllungsbetrag*] plus accrued interest.

In connection with hedging the interest rate risk, the Bank recognized on its accounts numerous micro-hedges with a total of four issued ***Schuldscheindarlehen*** (loans that are documented with a certificate of indebtedness known as a "*Schuldschein"*) and a face value totaling TEUR 40,000. To ensure a refinancing structure with matching maturities, the fixed annual interest rate payments under the certificates of indebtedness which amounted to TEUR 2,003 were swapped for variable interest payments based on the 3-month Euribor by relying on interest rate swap agreements having matching maturities and matching amounts. On the balance sheet date, the Bank elected not to write-up the underlying transactions (*Schuldscheindarlehen*) resulting from the lower interest rate because they had been for the most part covered by the increase in the fair values [*Markwerte*] of the hedges (interest rate swap agreements). The fair value of the *Schuldscheindarlehen* is TEUR 10,048 higher than the book value. The increase in market value of the hedges was also not booked. The Bank applies the net hedge presentation method [*Einfrierungsmethode*] for the hedge established under § 254 HGB. It intends to preserve the hedge until the underlying transactions expire. The prospective and retrospective effectiveness testing is done using the critical term match method.

The **pension provisions** were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship, for which commitments have been made and obligations taken on by affiliated enterprises under debt assumption agreements [*Schuldbeitrittserklärung*], and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time. For 2017, CGMD had calculated an amount of TEUR 939 as the period of service expense on the basis of the debt assumption agreement and then charged this amount to the impacted companies.

In order to calculate the present cash value, a discount rate of 3,68 % based on a 15-year term in accordance with the rules of the German Act to Modernize Accounting Law (BilMoG) was used as the basis. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used in this fiscal year. With respect to the resulting difference, we refer to our comments on page 8 regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.7% adjustment of the current annuities was assumed. The biometrical data was taken from the Heubeck 2005G mortality tables.

As part of the efforts to hedge the pension commitments, the Bank purchased or was contractually promised units in the **Rose** fund at costs of acquisition equaling TEUR 100,256.2. In addition, liquid funds [*liquid Mitteln*] totaling TEUR 4,529.3 were transferred to Citibank Pensionsfund e. V. **Assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB. In the current fiscal year, an expense arose from the accrual of interest on the pension obligations in the amount of TEUR 15,702.10 (prior year: TEUR 981.4), while the change in the fair value of the plan assets resulted in income of TEUR 5,337.4 (prior year: TEUR 1,796.4), These earnings components are netted and then reported under other operating expenses (in the prior year, they were reported under other operating income). The standard allocation [*Regelzuführung*] produces an expense in the amount of TEUR 3,137.6 (prior year: TEUR 218.4).

On the balance sheet date, the fair value of the plan assets that are subject to netting equaled TEUR 179,728.6 (prior year: TEUR 174,391.2). The settlement amount of the pension obligations subject to netting equaled TEUR 191,310.6 (prior year: TEUR 178,435.0) on the balance sheet date. The settlement amount that exceeded the plan assets as of the balance sheet and that equaled TEUR 11,582.0 was shown under line item “Excess of plan assets over post-employment benefit liabilities” (prior year: TEUR 4,043.8).

Pension obligations also exist under the PAS, PRS and Deferred Compensation plans, which resulted from bonus conversions.

The obligations resulting from the **PAS and Deferred Compensation** plans are linked to the fair value of the relevant fund.

The acquisition costs of the fund units in the PAS Fund (**Sondervermögen PAS)** equal TEUR 4,031.6. On the balance sheet date, the fair value (market value) of the PAS Fund assets to be netted equaled TEUR 11,497.4 (prior year: TEUR 10,260.2). The settlement amount of the liabilities to be netted equaled TEUR 11,497.4 (prior year: TEUR 10,260.2).

In the current fiscal year, the change in the fair value of the plan assets yielded income in the amount of TEUR 1,234.7 (prior year income: TEUR 647.5). In the fiscal year, current income totaling TEUR 2.4 was reported (prior year: 0.0). Since the liability under the PAS plan is linked to the fair value of the PAS fund, this yielded an expense from the accrual of interest on the liabilities in the amount of TEUR 1,237.1 (prior year: TEUR 647.5). These components of the earnings are reported on a net basis.

The costs in acquiring units of the **deferred compensation** fund totaled TEUR 8,301.7. On the balance sheet date, the fair value (market value) of the netted assets of the deferred compensation fund was TEUR 9,495.9 (prior year: TEUR 10,191.6). The settlement amount of the liabilities to be netted equaled TEUR 9,495.9 (prior year: TEUR 10,191.6).
In the current fiscal year, the discounting of the obligations yielded income in the amount of TEUR 21.4 (prior year: TEUR 2.7), and the change in the fair value of the plan assets yielded an expense of TEUR 21.4 (prior year: TEUR 2.7). These components of earnings are netted.

In connection with hedging the obligations under the bonus conversion, the Bank purchased units of the **PRS** Fund at costs of acquisition equaling TEUR 41,713.8. It netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the current fiscal year, the accrual of interest on the pension obligations generated an expense totaling TEUR 3,444.7 (prior year: TEUR 286.0). The change in the fair value of the plan assets resulted in income of TEUR 74.3 (prior year: expense TEUR 14.1), Current income accrued during this fiscal year equaled TEUR 0.1 (prior year: TEUR 0.0). These components of earnings are netted and reported under other operating expenses.
The standard allocation produces an expense in the amount of TEUR 80.6 (prior year: TEUR 81.3).

On the balance sheet date, the fair value of the plan assets subject to netting equaled TEUR 49,327.1 (prior year: TEUR 46,412.4). The settlement amount of the pension obligations subject to netting was TEUR 56,218.3 (prior year: TEUR 53,514.1) on the balance sheet date. The settlement amount exceeding the plan assets as of the balance sheet date totaled TEUR 6,891.2 (prior year: TEUR 7,101.7) and was reported as an accrued liability under the item “pensions and similar obligations”.

All netted assets consist of liquid funds or units of equity funds. The funds are managed exclusively by outside asset managers, who invest in publicly listed securities according to prescribed investor guidelines. The applied fair value for the assets is based on the overview of the individual fund assets as provided by the respective manager. Alternative valuation methods are not applied.

All funds are outsourced under trusts or other fiduciary arrangements [*Treuhänderschaften*] and are therefore removed from the grasp of creditors in the event of a CGMD insolvency.

Accrued liabilities for contingent liabilities and for potential losses from open business transactions are valued at the settlement amount required on the basis of sound business judgment [*vernünftiger kaufmännischer Beurteilung*].

The other accrued liabilities or provisions have a term to maturity of less than one year, except for the obligations under employee anniversaries and involving early retirement.

On the balance sheet date, the settlement amount for the early retirement obligations equaled TEUR 2,449.0 (prior year: TEUR 3,430.5). The fair value of the pledged reinsurance policies in the amount of TEUR 2,035.0 (prior year: TEUR 2,664.9) was netted against the settlement amount of the early retirement obligations. The settlement amount exceeding the plan assets on the settlement date and totaling TEUR 414.0 (prior year: TEUR 765.6) was shown under the line item, “Other accrued liabilities”. In the current fiscal year, an expense in the amount of TEUR 64.7 (prior year: TEUR 6.8) arises from the accrual of interest on the obligations, while income in the amount of TEUR 1.2 (prior year: TEUR 11.1) is yielded from a change in the fair value of the plan assets. These components of earnings are netted and reported under other operating expenses (in the prior year, they were shown under other operating income).
The standard allocation produces an expense in the amount of TEUR 99.7 (prior year: income TEUR 9.8).

Accruals are set up in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on CGMD’s financial condition.

In light of the examination conducted to meet the requirements of setting aside a provision for threatened losses resulting from interest rate-driven transactions in the banking book [*Bankbuch*] (whether reported on the balance sheet or not) pursuant to § 340a in combination with § 249 (1) sentence 1, Alt, 1 HGB, CGMD applies the cash value approach in accordance with IDW’s official statement RS BFA 3.

The items, which are included in the loss-free valuation, relate to typical bank contractual relationships arising from the deposits and lending business and cover the entire CGMD banking book, including off-balance sheet transactions.

The future cash flows generated from such transactions as well as the risk and administrative costs are discounted to present value on the basis of a risk-free yield curve after converting into the reporting currency, if required.

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their contractually prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank’s own refinancing costs.

Where there are net liability positions, the fictitious lending transaction is discounted at a rate with no risk premium. Viewed as of December 31, 2017, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

The calculation as of December 31, 2017 did not produce a need for setting aside a provision to cover threatened losses from the valuation of interest-rate driven transactions.

The **total sum of the amounts, which are barred from payout distribution,** amount to TEUR 119,720.7 (prior year: TEUR 107,928.7). The amount barred from payout distribution within the meaning of § 268 (8) HGB equals TEUR 91,216.2 (prior year: TEUR 84,597.6) is yielded entirely from the capitalization of the plan assets at fair value in the amount of TEUR 250,048.9 (prior year: 241,255.4). The amount barred from payout distribution within the meaning of § 253 (6) sentence 1 HGB equals TEUR 28,504.5 (prior year: TEUR 23,331.2) and is yielded from the difference between the valuation of the pension provisions using the 10-year average interest rate pursuant to § 253 (2) sentence 1 HGB and the 7-year average interest rate. The freely available provisions exceed the total sum of the amounts that are barred from payout distribution.

Income and **expense** items are duly allocated to the period in which they were generated.

The income is allocated among affiliated enterprises of Citigroup using the so-called “GRA” (Global Revenue Allocation). Under that method, the primary allocation system is the revenue split, which applies to a number of the local sales activities.

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 “Negative interest income” or no. 4 “Positive interest from loans and money market transactions” in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

In accordance with § 256a HGB, **foreign currency positions** were converted into Euros at the exchange rate set by the ECB on the reporting date and published by the German *Bundesbank* system (average spot exchange rate).

3. Notes on the Balance Sheet

a) Assets based on terms to maturity

Receivables from banks	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) payable on demand	113,635	148,146
b) up to three months	3,673,500	3,487,800
accrued interest	252	335
	3,787,387	3,636,281

Receivables from clients	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) up to three months	85,617	90,572
b) more than three months and up to one year	67,035	41,204
accrued interest	94	61
	152,746	131,837

Liabilities owed to banks	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) payable on demand	732,073	963,051
b) up to three months	64,983	24,869
accrued interest	57	59
	797,113	987,979

Liabilities owed to clients	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) payable on demand	1,798,472	1,234,399
b) up to three months	855,000	785,000
c) more than three months and up to one year	-	5,000
d) more than one year and up to five years	10,000	10,000
e) more than five years	30,000	30,000
accrued interest	331	336
	2,693,803	2,064,735

b) Fixed asset movement schedule

	Original acquisition costs			Accumulated depreciation, amortization and write-downs					Book values	
		Additions (Disposals)					Additions (Disposals)			
	12/31/2016	Reposting	12/31/2017	12/31/2016	Write-downs	Write-ups	Reposting	12/31/2017	12/31/2017	12/31/2016
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangible assets acquired for consideration	5,211	0 0 0	5,211	5,211	0	0	0 0 0	5,211	0	0
Office and plant equipment	9,487	0 138 -22	9,603	8,538	214	0	0 -20	8,732	871	949
Leasehold improvements	15,054	0 191 0	15,245	13,398	523	0	0 0 0	13,921	1,324	1,656
Construction in progress	35	0 270 0	305	0	0	0	0 0 0	0	305	35
Equity investments	1,136	0 0 0	1,136	0	0	0	0 0 0	0	1,136	1,136
Total	30,923	0 599 -22	31,500	27,147	737	0	-20	27,864	3,636	3,776

Any and all intangible and tangible assets (office and plant equipment as well as leasehold improvements) were used by CGMD itself.

Depreciation, amortization and write-downs relating to the additions made during the fiscal year equaled TEUR 54.

c) Receivables from, and liabilities owed to, affiliated enterprises

	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
Receivables from banks	103,145	518,352
Receivables from clients	4,841	32,842
Other assets	0	0
Liabilities owed to banks	564,980	844,549
Liabilities owed to clients	993,361	924,755
Other liabilities	67,486	50,629

d) Assets and liabilities denominated in foreign currencies

	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
Assets	252,336	154,941
Liabilities	192,635	2,20,105

e) Other notes

The asset item shown on the balance sheet, trading portfolio (line item 5a), is divided into derivative financial instruments totaling EUR 4,590.2 million (prior year: EUR 3,973.0 million), debt securities and other fixed-income securities in the amount of EUR 853.1 million (prior year: EUR 673.2 million), and shares and other variable-yield securities in the amount of EUR 741.2 million (prior year: EUR 380.8 million). Of the debt securities and other fixed income securities, EUR 853.1 million (prior year: EUR 673.2 million) were eligible and listed for trading on a stock market. Of the shares and other variable-yield securities, EUR 741.2 million (prior year: EUR 380.8 million) were eligible and listed for trading on a stock market.

The equity investments totaling EUR 1.1 million (prior year: EUR 1.1 million) are not eligible for trading on a stock market.

The item, which is shown as “other assets” in the amount of EUR 32.7 million (prior year: EUR 15.1 million), includes primarily tax receivables of EUR 10.2 million (prior year: EUR 5.9 million), claims under reinsurance policies of EUR 0.3 million (prior year: EUR 0.6 million) and receivables from an initial margin and totaling EUR 22.2 million (prior year: EUR 8.5 million).

The liability item,, which is shown on the balance sheet “trading portfolio” (line item 3a), is divided into derivative financial instruments in the amount of EUR 4,724.6 million (prior year: EUR 4,067.6 million), liabilities arising from issued and outstanding debt securities in the amount of EUR 1,214.2 million (prior year: EUR 966.8 million) and short positions taken on stock sales in the amount of EUR 2.4 million (prior year: EUR 0.0).

The item, “other liabilities”, in the amount of EUR 83.4 million (prior year: EUR 65.6 million) relates primarily to liabilities under the profit transfer obligations totaling EUR 66.9 million (prior year: EUR 49.2 million), liabilities arising from deferred cash bonuses owed to employees and totaling EUR 6.6 million (prior year: EUR 6.2 million), liabilities under an initial margin and totaling EUR 5.3 million (prior year: EUR 0.0), liabilities arising from the restructuring and totaling EUR 0.4 million (prior year: EUR 3.8 million), and turnover tax in the amount of EUR 0.7 million (prior year: EUR 2.6 million).

The item shown as "other accrued liabilities" relates primarily to the provisions made for bonuses, provisions set aside for investment income withholding tax and turnover tax payments, and provisions for restructuring and early retirement. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 20.4 million (prior year: EUR 20.7 million). Provisions in the amount of EUR 9.3 million (prior year: EUR 9.2 million) relate to unpaid investment income withholding tax for prior business years and EUR 1.2 million relates to outstanding turnover tax payments arising from the warrants business. Provisions for restructuring amounted to EUR 0.6 million in the fiscal year (prior year: EUR 0.5 million). Provisions for early retirement equaled EUR 0.4 million (prior year: EUR 0.8 million) after deducting the pledged re-insurance policies in the amount of EUR 2.0 million (prior year: EUR 2.7 million).

The contingent liabilities relate to guarantees and warranty contracts. These agreements stem from guarantees made in the amount of EUR 563.5 (prior year: EUR 475.4 million). The Bank believes that the likelihood that claims will be made under the guarantees and warranty contracts, which are shown in the balance sheet, is small given the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

The Bank's loan portfolio consists of not only utilized fixed-term loans and credit facilities, which may be cancelled at any time, but also credit facilities that have not been fully utilized. Most of these credit facilities are intended to finance working capital, although a significant share of the borrowers is still not expected to utilize these credit facilities due to those borrowers' strong cash positions. Overall, the Bank does not anticipate any major changes in credit utilization, as long as overall economic conditions remain stable. Of the irrevocable loan commitments in the amount of EUR 449.1 million (prior year: EUR 492.8 million), EUR 449.1 million (prior year: EUR 481.1 million) have a term to maturity of more than one year. The loan commitments have been extended exclusively to non-banks.

As of the balance sheet date, the Bank had not engaged in any off-balance sheet transactions that fall within the meaning of § 285 no, 3a HGB and were outside the ordinary course of business.

Transactions with related parties within the meaning of § 285 no, 21 HGB are made only on an arm's length basis.

f) Other contingent liabilities

Under a type of absolute guarantee [*selbstschulderische Bürgschaft*], the Bank has assumed secondary liability for the performance of the additional funding obligations of the other member banks of the banking association known as Bundesverband deutscher Banken e,V, Berlin.

Moreover, since 2009, the Bank has taken the opportunity of participating in the credit filing system [*Krediteinreichungsverfahren*] of the German Central Bank [*Bundesbank*], Frankfurt am Main, pursuant to which the credit commitment on file serves as security for the cash funds received, CGMD did not participate in the credit filing system in the fiscal year.

Together with Citibank N.A. in New York, the Frankfurt Branch, and Citigroup Global Markets Finance Corporation & Co, KG, Frankfurt, the Bank is also liable under the debt assumption agreements of November 30, 2011 in connection with the benefits owed for the pension commitments. Commensurate indemnity payments, the amount of which tracks the period of service expense, have been contractually promised by the contracting partners.

g) Other financial liabilities

Financial liabilities under leases running until 30 June 2020 equal EUR 3.5 million *per annum* (prior year: EUR 3.4 million).

4. Notes on the Income Statement

The income and expenses included in the income statement were generated from both domestic and foreign business sources.

The persistently low interest rates, the negative yield on deposits held with the ECB as well as the weak demand for loans led to a negative net interest income of EUR 1.8 million (prior year: EUR 0.6 million), Of the negative interest income from loans and money market transactions totaling EUR 7.7 million (prior year: EUR 0.9 million), EUR 6.4 million (prior year: EUR 0.6 million) was attributable to positive interest income and EUR 14.1 million (prior year: EUR 1.5 million) was attributable to negative interest income. Of the negative interest expenses totaling EUR 5.8 million (prior year: EUR 0.3 million), EUR 2.7 million (prior year: EUR 0.3 million) was attributable to interest expenses and EUR 8.5 million (prior year: EUR 0.6 million) was attributable to positive interest from credit and money market transactions.

Commission income equaled EUR 187.7 million (prior year: EUR 16.4 million), This is made up primarily of brokerage commissions earned by affiliated enterprises and totaling EUR 125.8 million (prior year: EUR 11.9 million), commissions from securities transactions of EUR 25.8 million (prior year: EUR 2.2 million), commissions from Eurex products of EUR 13.4 million (prior year: EUR 1.4 million) and income from payment transactions and corporate finance totaling EUR 19.9 million (prior year: EUR 0.5 million).

Commission expenses equaled EUR 9.0 million (prior year: EUR 0.1 million) and included mostly intra-group cost sharing for relationship management.

The net income of the trading portfolio resulted primarily from gains and losses of the currency risk trading book in the amount of EUR 10.5 million (prior year: EUR 0.8 million) and of the equities and index risk trading book in the amount of EUR 55.1 million (prior year: EUR 0.3 million). The negative result reported in the other trading book equals EUR 3.1 million (prior year: negative result of EUR 0.7 million) and consists mostly of results from warrants traded on commodities and precious metals and from exchange-traded futures transactions on commodities and precious metals. The negative result in the interest rate risk trading book is TEUR 4.5 (prior year: TEUR 28.1) and includes results from interest rate swap agreements.

Under the item shown as “net income from financial trading operations”, EUR 2.6 million (prior year: EUR 0.0 million) was deducted pursuant to § 340e (4) HGB and then allocated to the fund for general bank risks in accordance with § 340g HGB.

Other operating income equaled EUR 20.3 million (prior year: EUR 0.9 million) and included mostly income derived from expense pass-throughs to affiliated enterprises in the amount of EUR 18.9 million and income from subleasing in the amount of EUR 0.4 million (prior year: EUR 0.1 million).

Personnel expenses equaled EUR 72.3 million prior year: EUR 5.6 million).

The other administrative expenses totaled EUR 103.9 million (prior year: EUR 7.0 million) and consisted primarily of processing costs of Citigroup in the amount of EUR 16.4 million (prior year: EUR 1.5 million), Citi chargeouts equaling EUR 32.8 million (prior year: EUR 0.6 million), custody fees of EUR 11.1 million (prior year: EUR 1.0 million), rents totaling EUR 4.9 million (prior year: EUR 0.8 million) and costs for the listing of derivative products in the amount of EUR 7.5 million (prior year: EUR 0.5 million).

The other operating expenses equaled EUR 19.6 million (prior year: EUR 0.3 million) and included mostly expenses and income (net) from valuing the plan assets [*Pensionsdeckungsvermögens*] (PRS and Rose) and the corresponding pension obligations in the amount of EUR 13.8 million (prior year: PRS EUR 0.2 million). Additions to provisions in connection with unpaid investment income withholding tax for past business years amounted to EUR 3.7 million (prior year: EUR 0).

,

In the fiscal year, the Bank booked taxes on income and earnings from earlier years in the amount of EUR 0.7 million (prior year: EUR 0.2 million), Of that amount, EUR 0.1 million relate to taxes on income and earnings from prior years (prior year: EUR 0.0 million).

Effective as of the end of fiscal year 2008, the tax allocation agreement (*Steuerumlagevertrag*) that had been in place with Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG, Frankfurt am Main, was terminated. The expenses incurred for domestic taxes are still shown at the level of the tax group parent company [*Organträger*].

Pursuant to a profit transfer or partial profit transfer agreement, the allocated profits were transferred to Citicorp Global Markets Finance Corporation & Co, beschränkt haftende KG, Frankfurt am Main, in the amount of EUR 66.9 million (prior year: EUR 3.7 million).

5. Fees of the Annual Accounts Auditor

The total fees charged by the annual accounts auditor for the 2017 fiscal year include:

a) Annual audit services	EUR 885,200.00
b) Other certification services	EUR 219,000.00
c) Tax advisory services	EUR 0.00
d) Miscellaneous services	EUR 0.00
e) Outlays	EUR 140,148,97
f) Total	EUR 1,224,348,97

The other tax certification work relates to auditing compliance with various duties involving the management of securities accounts and with the reporting and conduct rules under the Securities Trading Act (*Depot-/WpHG-Prüfung*) and the review of the internal control system for the process of generating product information sheets (*PIB-Erstellungsprozess*).

6. Notes on Derivative Transactions

a) Types of derivative transactions

As of December 31, 2017, the Bank's derivative transactions included the following types of transactions:

aa) Trading transactions

aaa) Foreign currency risk trading book: OTC currency option transactions and currency warrants.

aab) Equities and index trading book: equities and other variable-yield securities in the trading portfolio, OTC stock options, equities and index warrants, exchange-traded futures and options on equities and equity indexes, as well as index certificates and equity certificates.

aac) Other trading book: exchange-traded futures transactions and warrants on commodities and precious metals.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per December 31, 2017:

ba) Foreign currency risk trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC currency options					
Bought	50	-	-	50	0.3
Sold	2	-	-	2	-
Currency warrants					
Own issues					
Bought	264	-	694	957	53.0
Sold	313	-	732	1,045	./. 56.6
Exchange-traded futures					
Bought	17	-	-	17	-
Sold	8	-	-	8	-

The foreign currency risk trading book consists primarily of options on the price of gold and the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

bb) Equities and index trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Third-party equity warrants issuers					
Bought	6	-	-	6	0.3
Stock warrants					
Own issue					
Bought	4,525	551	4,320	9,396	2,381.8
Sold	6,314	1,029	4,677	12,020	./. 2,578.4
OTC stock options					
Bought	68	-	-	68	4.2
Sold	4	-	-	4	
Third party index warrant issuers					
Bought	125	-	-	125	1.8
Index warrants					
Bought	9,677	21	8,775	18,473	2,013.8
Sold	10,405	27	8,922	19,354	./. 2,035.3
Exchange-traded index futures					
Bought	218	-	-	218	./.2.7
Sold	111	-	-	111	1.0
Exchange-traded index options					
Bought	397	2	-	399	3.3
Sold	128	10	-	138	./.3.6
Exchange-traded stock options					
Bought	1,278	390	-	1,668	108.5
Sold	243	18	-	261	./. 18.7
Index and equity certificates					
Own issue					
Bought	153	12	378	543	853.1
Sold	466	40	349	855	./. 1,214.2

The Equities and index trading book includes mostly options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

bc) Other trading operations

	< 1 year Nominal amount	**1-5 years Nominal amount**	**> 5 years Nominal amount**	**Total Nominal amount**	**Market value**
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Warrants on commodities and precious metals					
Own issue					
Bought	11	-	120	131	29.1
Sold	14	-	127	141	./.30.6
Exchange-traded precious metal futures					
Bought	30	-	-	30	0.7
Sold	-	-	-	-	-

The other trading operations trading book includes above all options on the price of oil, gold and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

c) Counterparty credit risk in derivatives trading

As of December 31, 2017, the credit equivalents under the CCR (Counterparty Credit Risk) before credit risk weighting and after regulatory netting are as follows:

Credit risk	Companies and individuals and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Credit equivalent in EUR '000		
Foreign currency risk and other price risks trading book	13,819	272,631	-
Other trading transactions	-	9,147	-
Total	13,819	281,778	-

d) Non-settled forward transactions

In connection with the option transactions, CGMD books the premium on the trade date. On the balance sheet date, this practice results in obligations arising from forward transactions that have not yet settled and that are reported in the trade balance sheet for currency risks, equity and index risks and other risks.

7. Miscellaneous notes

CGMD is included in the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG, Reuterweg 16, 60323 Frankfurt am Main, which is where the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG can also be obtained. Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG is included in the consolidated financial statements of Citigroup Inc., 388 Greenwich Street in New York, as the ultimate group parent company, which is where the Citigroup consolidated financial statements can also be obtained.

Since 2001, CGMD has had a branch in London, which carries out primarily warrant transactions.

The CGMD Executive Board consist of the following members

Stefan Wintels, Frankfurt am Main, Bank Director, Chairman
Dr. Silvia Carpitella, Frankfurt am Main, Bank Director,
Thomas Falk, Hochheim am Main, Bank Director,
Stefan Hafke, Kelkheim, Bank Director,
Andreas Hamm, Dreieich, Bank Director,
Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Christian Spieler, Bad Homburg, Bank Director.

The Supervisory Board consists of the following members:

Hans W, Reich, Kronberg, Bank Director, Chairman,
Bradley Gans, London, Bank Director, Deputy Chairman,
Tim Färber, Kelsterbach, Salaried Bank Employee, Employee Representative.

During fiscal year 2017, the Bank employed an average of 267 persons. The average period of employment for staff members in 2017 was as follows:

100	Employees	up to 5 years
59	Employees	6-10 years
59	Employees	11-20 years
49	Employees	21 years or more
267		

In the fiscal year, total remuneration (including stock options granted) of the Executive Board was TEUR 7,516.7. Pension obligations totaled TEUR 2,821.1. In the reporting year, total remuneration of former members of management bodies and their survivors totaled TEUR 1,759.5. Liabilities for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 44,715.9.

On the basis of the equity-based remuneration, approximately 25.0 thousand shares amounting to USD 1,870.3 thousand were granted as variable compensation.

In fiscal year 2017, supervisory board remuneration totaling TEUR 37.8 was granted. The Company has exercised its elective right under § 286 (4) HGB regarding disclosures about provisions for current pensions and pension expectancies [*Anwartschaften*] of the supervisory board members under § 285 (9) b.

In the fiscal year, the members of the advisory board [*Beirat*] were paid compensation totaling TEUR 547.4.

At year end, there were no outstanding loan obligations owed by members of the Executive Board of CGMD.

8. Supplementary report

In connection with Brexit and Citigroup's repositioning, a restructuring of the Group's German entities and business units is currently being planned. As part of that project, a change in the structure for the Group's holding entity CKG and its subsidiaries is under evaluation.

in March of 2018, Securities Services Division will be moved to Citigroup Europe plc. (CEP) in Ireland.

CGMD will create a short fiscal year for the period January 1 through April 27, 2018.

Frankfurt am Main, March 22, 2018

Citigroup Global Markets Deutschland AG

Stefan Wintels (CEO)	Dr. Silvia Carpitella
Thomas Falk	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Christian Spieler	

Report from the Supervisory Board of Citigroup Global Markets Deutschland AG

for the Fiscal Year ending December 2017

Throughout the fiscal year, the Supervisory Board continually received verbal and written reports from the Executive Board about the condition of the Company and its business development. The Supervisory Board Chairman solicited regular, timely and comprehensive reports from the Executive Board about the course of business and key developments at the Bank and in the Group and monitored them even between meetings. The focal issues here included, among other things, the effects of Brexit on the Company's direction and strategic plan, the Company's risk situation, the outsourcing of services, the allocation of costs and activities within the Group and challenges in the area of taxes. The Supervisory Board also addressed numerous legislative and regulatory changes, for example the implementation of the remuneration rules under the CRD IV Directive and the Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung*). Thus, in accordance with the statutory provisions, it monitored the Company's management.

The Supervisory Board held four regular meetings during the reporting year. The Supervisory Board also held eight special meetings that addressed the Company's positioning in light of Brexit, considerations about the sale of business divisions and principles regarding Executive Board remuneration as well as the status and progress of various internal and external audits. The subject matter of all the regular Supervisory Board meetings were the regular reports from the Executive Board on the current condition of the Company, including *inter alia* the basis of the risk report. The Supervisory Board also adopted resolutions pursuant to the circulated resolution approval procedure [*Umlaufverfahren*]. No personnel decisions needed to be made. The composition of the Executive Board remained unchanged during the reporting period.

Given its size, the Supervisory Board once again did not form any separate committees.

The members of the Supervisory Board participated, under their own initiative, in educational and training programs that are required for them to perform their tasks. At the same time, the Supervisory Board Chairman held discussions with outside experts about complex topics such as risk management, regulation, accounting and corporate governance and received an outlook on the upcoming regulatory, accounting and legal issues for 2018. In this regard, he also held discussions with the European Central Bank, the German *Bundesbank*, and the German Federal Financial Supervisory Authority (BaFin).

The annual financial statements and management report for fiscal year ending December 31, 2017, including the bookkeeping system, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and were found to comply with the applicable statutory provisions and the Company's articles of association. The annual financial statements and management report were issued an unqualified auditor's report (*uneingeschränkten Bestätigungsvermerk*). We agree with the audit report.

Based on the completed results from the audit of the annual financial statements and management report as undertaken by the Supervisory Board, there have been no objections raised. At its meeting on March 28, 2018, the Supervisory Board approved the annual financial statements per December 31, 2017 as submitted by the Executive Board and approved the management report.

The Supervisory Board thanked the Executive Board members and the employees for their commitment and contributions in achieving the Company's defined goals.

Frankfurt am Main, March 28, 2018

The Supervisory Board

Hans W. Reich
Chairman

1 Auditors' Report

As a result of our audit, we have issued the following unqualified audit report (*uneingeschränkten Bestätigungsvermerk*):

Audit Report from the Independent Auditor

To Citigroup Global Markets Deutschland AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements

Audit opinions

We have audited the annual financial statements of Citigroup Global Markets Deutschland AG, Frankfurt am Main, comprising the balance sheet as of December 31, 2017, the income statement, the cash flow statement, and the statement of changes in equity, for the fiscal year from January 1, 2017 through December 31, 2017, as well as the notes to the annual financial statements, including the presentation of the accounting and valuation policies. In addition, we have audited the management report of Citigroup Global Markets Deutschland AG for the fiscal year from January 1, 2017 through December 31, 2017.

Based on the findings made from our audit, we hereby affirm that

– the accompanying annual financial statements comply in all material respects with the German commercial laws applicable to institutions and, in accordance with German principles of proper accounting, give a true and fair view of the net assets and financial position of the Company as of December 31, 2017, as well as its results of operations for the fiscal year from January 1, 2017 through December 31, 2017, and

– the accompanying management report as a whole gives a true and fair view of the Company's situation. This management report is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 of the German Commercial Code (HGB), we hereby affirm that our audit did not lead to any reservations with respect to the propriety (*Ordnungsmäßigkeit*) of the annual financial statements and management report.

Basis for the audit opinion

We conducted our audit of the annual financial statements and management report in compliance with section 317 HGB and Regulation (EU) No. 537/2014, which governs the statutory audit of European public-interest entities (hereinafter referred to as "EU-APrVO") and the German generally accepted principles for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW) [German Institute of Auditors]. Our responsibility under these provisions and principles is described in detail in the section of our audit report entitled, "Responsibility of the auditor for the audit of the annual financial statements and the management report". We are independent from the Company in compliance with German laws and professional regulations, and we have fulfilled our other German professional duties in compliance with these requirements. Moreover, pursuant to Art. 10 (2)(f) EU-APrVO , we hereby affirm that we have not performed any prohibited non-audit services referenced in Art 5 (1) EU-APrVO. We believe that the evidence obtained is sufficient and suitable to provide a basis for our audit opinions about the annual financial statements and management report.

Particularly important audit issues in the audit of the annual financial statements

Particularly important audit issues are such matters that in our due discretion were most important in our audit of the annual financial statements for the fiscal year from December 1 to 31, 2017. These matters were taken into account as a whole in connection with our audit of the annual financial statements and in the formation of our audit opinion; we do not issue a separate audit opinion regarding these matters.

Determination of fair value with the help of valuation models for the valuation of the trading portfolio

Please refer to Note 2 for more information regarding the accounting and valuation policies applied by CGMD. Please refer to Note 6 regarding the composition of the derivatives transactions in the trading portfolio on the assets and liabilities side of the balance sheet.

THE RISK FOR THE FINANCIAL STATEMENTS

The transactions of the trading portfolio are measured at fair value and relate to the issue of warrants and certificates, the associated hedging transactions (i.e., OTC-traded and exchange-traded derivatives) as well as any buybacks from marketi maker activity. At 60.7% of total assets and 58.3% of total equity and liabilities respectively (EUR 6,184.4 million and EUR 5,941.2 million, respectively, in absolute amounts), the balance sheet items related to the trading portfolio are the largest line items of CGMD's annual financial statements.

In some cases, no market prices are observable for warrants, certificates, and OTC derivatives. The fair values are to be determined on the basis of accepted valuation methods. The selection of valuation models as well as their parameters are subject to discretionary judgments. The risk for the financial statements in particular in this regard is that no appropriate valuation models and/or valuation parameters are used and that the trading portfolio as well as net trading income insofar are not measured or calculated in compliance with the accounting requirements.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

In an initial step, we acquired a comprehensive overview of the changes in the financial instruments of the trading portfolio, the associated risks, and the internal control system with respect to the valuation of the financial instruments of the trading portfolio.

For the assessment of the appropriateness of the internal control system with respect to the valuation of financial instruments for which no market prices can be observed, we conducted surveys that included KPMG internal experts (valuation specialists) and inspected the relevant documents. After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation

In particular, the test audit covered whether the models were validated independently of trading activity both when they were introduced as well as regularly or as needed. As part of a random sample, we audited whether the validations were conducted and documented properly and whether the implemented valuation model together with the influent valuation parameters are suitable and reasonable for the respective product. Furthermore, we audited the control of the trade transaction valuation through a trade-neutral department using parameters procured from third parties.

Moreover, our valuation specialists also carried out a subsequent valuation for a particular deliberate selection of products under materiality and risk considerations and compared the results with the values determined by the Bank. With respect to this subsequent valuation, observable pricing and market information was used to the extent possible.

OUR CONCLUSIONS

The valuation principles that are used to calculate the fair values of the trading portfolios, for which no prices can be observed on the market, are proper and in compliance with the valuation principles applied. The Company's valuation parameters underlying the valuation are reasonable as a whole.

Invoicing of intra-Group services

With regard to the accounting and valuation methods applied by CGMD, we refer to Note 2.

THE RISK FOR THE FINANCIAL STATEMENTS

Of the commission income totaling EUR 187.7 million (prior year: EUR 16.4 million), EUR 125.8 million (prior year: EUR 11.9 million) is attributable to brokerage commissions of affiliated enterprises. The commission expenses equaled EUR 9.0 million (prior year: EUR 0.1 million) and include primarily intra-Group cost-sharing items for relationship management. The other operating income amounted to EUR 20.3 million (prior year: EUR 0.9 million) and include primarily income arising from the pass-through of affiliated enterprise expenses in the amount of EUR 18.9 million.

As a result of the high level of global job-sharing within Citigroup, great importance has been ascribed to intra-Group service relationships both with respect to the preparation of the original bank services as well as services involving support functions. The invoicing is performed *vis-à-vis* all Citigroup entities, although the billing process, the number of transactions requiring billing and the calculation of the billing amount could be very different depending on the work or service supplied. The risk for the financial statements in this regard is that service relationships with other Citigroup entities could be incorrectly recognized and, consequently, the corresponding income and expenses might be presented in the wrong amounts.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

First, we gained an overview of CGMD's key product lines and services, the invoicing models specified for these products and services, and the associated risks. We thereupon gleaned an understanding about the processes for the recognition, invoicing, and accounting treatment of the intra-Group services rendered and about the internal control system set up with respect thereto.

We conducted surveys and inspected the relevant documents for the assessment of the adequacy of the internal control system. The control processes regarded as relevant for our audit are intended in particular to ensure the accuracy of the income and expenses from intra-Group services and their processing.

After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation.

Finally, as part of substantive audit procedures, we audited the propriety of the manual closing entries by posing questions to management and inspecting the documentation serving as a basis. For services that are compensated based on the revenue and/or fee split method, we audited a random sampling as to whether the services were calculated and compensated correctly on the basis of the Group-wide standard and documented transfer pricing method. Furthermore, for a selection made based on aspects of materiality and risk, we have audited the billing and balance sheet recognition of intra-Group services on the basis of the cost-plus methods by inspecting the underlying documentation.

OUR CONCLUSIONS

The measures implemented in the bank are suited to accurately recognize income and expenses from intra-Group services in CGMD's annual financial statements.

Responsibility of the Company's Executive and Supervisory Board for the annual financial statements and the management report

The Company's management (Executive Board) is responsible for preparing annual financial statements that comply in all material respects with the German commercial laws applicable for institutions as well as for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the management is responsible for the internal controls that it has deemed necessary in accordance with German principles of proper accounting in order to facilitate the preparation of annual financial statements that are free from intentional or unintentional material misstatements.

When preparing the annual financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern. Furthermore, it is responsible for disclosing, to the extent relevant, any matters related to the continuance of the Company as a going concern. Moreover, the management is also responsible for preparing the annual financial statements based on the assumption that the Company will continue as a going concern unless factual or legal circumstances contradict this assumption.

In addition, the management is responsible for preparing the management report, which as a whole gives a true and fair view of the Company's situation and is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks for future development. The management is also responsible for taking actions and measures (systems) that it believes are necessary to be able to prepare a management report in accordance with the applicable German statutory provisions and to provide sufficiently suitable documentation for the statements made in the management report.

The Supervisory Board is responsible for monitoring the accounting process of the Company for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free and clear of any – intended or unintended – material false statements and whether the management report as a whole gives a true and fair view of the Company's situation, is consistent in all material respects with the annual financial statements and with the findings gleaned from the audit, complies with the German statutory provisions, and correctly presents the opportunities and risks of future development and to issue an audit report that includes our audit opinions regarding the annual financial statements and the management report.

Reasonable assurance is a high level of certainty but not a guarantee that an audit conducted in accordance with section 317 HGB and the EU-APrVO as well as the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can result from violations or errors and are considered to be material if it can be reasonably expected that they individually or collectively influence the financial decisions made by addressees on the basis of the annual financial statements and the management report.

During the audit, we exercise due discretion and maintain professional skepticism. In addition:

– We identify and assess the risk of intentional or unintentional material misstatements in the annual financial statements and management report, plan and perform audit procedures as a reaction to this risk and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that material misstatements are not detected is higher with violations than in the case of errors, since violations can involve fraudulent cooperation, falsification, intentional omissions, misleading disclosures and/or the suspension of internal controls.

- We gain an understanding of the internal control system that is relevant for the audit of the annual financial statements and of the arrangements made and measures taken that are relevant for the management report audit in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of these Company systems.
- We assess the appropriateness of the accounting policies applied by the Company's statutory representatives (management) as well as the reasonableness of the estimated values presented by the management and any associated disclosures.
- We draw conclusions on the appropriateness of the going-concern accounting principle, as applied by the Company's management, as well as whether there is significant uncertainty in connection with events or circumstances based on the audit evidence obtained that could raise considerable doubts about the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we are obligated to make reference in the auditors' report to the associated disclosures in the annual financial statements or in the management report, or to modify our audit opinion if these disclosures are inappropriate. We draw our conclusions on the basis of the audit evidence obtained by the date of our auditors' report. However, future events or circumstances can lead to a situation in which the Company can no longer continue as a going concern.
- We assess the overall presentation, structure, and contents of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with German principles of proper accounting.
- We assess the consistency between the management report and the annual financial statements, its compliance with the statutes, and the view conveyed by the report regarding the status and situation of the Company.
- We performed the audit concerning the forward-looking statements in the management report as described by the management. On the basis of sufficiently appropriate audit documentation, we are able to comprehend and track specifically the key assumptions that serve as the basis for the forward-looking statements provided by management and can evaluate the proper derivation of the forward-looking statements based on those assumptions. We are not issuing a separate audit opinion regarding the forward-looking statements and the underlying assumptions. There is a considerable and unavoidable risk that future events will differ significantly from the forward-looking statements.

We discuss with the responsible supervisory bodies the planned scope and timing of the audit as well as significant audit findings, including any defects in the internal control system that we identify during our audit.

We provide the responsible supervisory bodies with a statement affirming that we have complied with the relevant requirements for independence and discuss with them all relationships and other matters that can be reasonably presumed to have an impact on our independence as well as the related protective measures taken.

We determine which of the matters that we have discussed with the responsible supervisory bodies were most important in the audit of the annual financial statements for the current period and therefore those which are particularly important audit issues. We describe such matters in our audit report, unless laws or other legal provisions prevent their public disclosure.

Other regulatory and legal requirements

Other disclosures in accordance with Article 10 EU-APrVO

We were selected to serve as auditor by the shareholders' meeting on March 29, 2017. We were appointed by the Chairman of the Supervisory Board on December 19, 2017. We have been the auditor of Citigroup Global Markets Deutschland AG, Frankfurt am Main, and its predecessor entity, for more than 25 years in a row.

We affirm that the audit opinions included in this auditors' report are consistent with the additional report to the Supervisory Board in accordance with Article 11 EU-APrVO (long-form audit report).

Responsible Auditor

The auditor responsible for the audit is Klaus-Ulrich Pfeiffer.

Frankfurt am Main, 23 March 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

/signed/ Pfeiffer	/signed/ Dr. Niemeyer
Wirtschaftsprüfer	Wirtschaftsprüfer

Balance Sheet for the Short Fiscal Year as of December 31, 2016
Citigroup Global Markets Deutschland AG, Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	11/30/2016 TEUR
1. Cash reserve				
a) Cash on hand		-.--		-
b) Credit balances held at central banks		6,879,182.52		28,222
of which: at the German *Bundesbank* (German Central Bank) EUR 6,879,182.52 (11/30/2016 TEUR 28,222)				
c) Credit balances held at post giro offices		-.--	6,879,182.52	28,222
2. Receivables from banks				
a) Due upon demand		148,146,338.81		130,581
b) Other receivables		3,488,134,762.45	3,636,281,101.28	3,212,765
3. Receivables from clients			131,837,209.09	146,027
of which: secured through *in rem* security interests *(Grundpfandrechte)* EUR -.-- (11/30/2016 TEUR -)				
municipal loans EUR -.-- (11/30/2016 TEUR -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government entities	-.--			-
ab) issued by other entities	-.--	-.--		-
b) Bonds and debt securities				
ba) issued by government entities	-.--			-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (11/30/2016 TEUR -)				
bb) issued by other entities	-.--	-.--		-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (11/30/2016 TEUR -)				
c) Own debt securities		-.--	-.--	-
face evalue EUR -.-- (11/30/2016 TEUR -)				
5. Stocks and other variable-yield securities			-.--	-

5a Trading portfolio			5,026,986,101.58	4,596,320
6. Equity investments			1,135,714.07	1,136
of which: held in banks EUR -.-- (11/30/2016 TEUR 218)				
held in financial service institutions EUR -.-- (11/30/2016 TEUR -)				
7. Intangible assets				
a) Internally generated industrial property rights and similar rights and assets	-.--			-
b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	-.--			-
c) Goodwill	-.--			-
d) Prepayments	-.--		-.--	-
8. Tangible assets			2,639,750.29	2,679
9. Other assets			15,124,991.94	15,592
10. Prepaid and deferred items			724,607.30	1,441
11. Excess of plan assets over post-employment benefit liability			-.--	-
Total assets			8,821,608,658.07	8,134,763

		EUR	EUR	EUR	Liabilities 11/30/2016 TEUR
1. Liabilities owed to banks					
a) Payable on demand			963,050,723.39		708,836
b) Having an agreed term or notice period			24,927,897.90	987,978,621.29	17,307
2. Liabilities owed to clients					
a) Savings deposits					
aa) with an agreed notice period of three months		-.--			-
ab) with agreed notice period of more than three months		-.--	-.--		-
b) Other liabilities					
ba) payable on demand		1,234,399,211.43			1,208,507
bb) having an agreed term or notice period		830,335,681.86	2,064,734,893.29	2,064,734,893.29	830,225
3. Securitised liabilities					
a) Issued debt securities			-.--		-
b) Other securitised liabilities			-.--		-
of which:					
Money market paper	EUR -.-- (11/30/2016 TEUR -)				
Own acceptances and promisory notes outstanding	EUR -.-- (11/30/2016 TEUR -)				
c) Miscellaneous securitized liabilities		-.--	-.--	-.--	-
3a Trading portfolio				5,034,427,538.97	4,624,979
4. Other liabilities				65,574,010.24	65,670
5. Deferred income				205,967.53	250

6. Accrued liabilities				
a) Pensions and similar obligations		11,145,496.00		11,966
b) Tax reserves		-.--		-
c) Other accrued liabilities		41,317,833.30	52,463,329.30	50,798
7. Funds for general bank risks as defined in § 340e (4) HGB			25,743,512.35	25,744
8. Equity capital				
a) Subscribed capital				
aa) registered share capital	210,569,889.00			210,570
ab) silent partner capital	-.--	210,569,889.00		-
b) Capital reserve	318,967,162.22	318,967,162.22		318,967
c) Earnings reserves				
ca) legal reserve	33,027,197.15			33,027
cb) reserves for treasury shares	-.--			-
cc) reserves required by articles of association	-.--			-
cd) other earnings reserves	27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)		**-.--**	590,480,785.08	590,481
Total liabilities and equity capital			8,821,608,658.05	8,134,763

	EUR	EUR	11/30/2016 TEUR
1. Contingent liabilities			
a) Contingent liabilities arising from transferred and cleared bills of exchange	-.--		-
b) Liabilities arising from guarantees and warranty contracts	475,447,650.26		475,092
c) Liabilities arising from security furnished on behalf of third parties	-.--	475,447,650.26	-
2. Other obligations			
a) Redemption obligations under repurchase agreements	-.--		-
b) Placement and underwriting obligations	-.--		-
c) Irrevocable lines of credit	492,787,893.35	492,787,893.35	428,167

Income Statement

for the Short Fiscal Year as of December 1, 2016 through December 31, 2016

Citigroup Global Markets Deutschland AG, Frankfurt am Main

	EUR	EUR	EUR	12/1/2015-11/30/2016 TEUR
1. Interest income from				
a) Loans and money market transactions	639,272.35			6,231
2. Negative interest income from				
a) Loans and money market transactions	1,563,004.69	-923,732.34		12,936
3. Interest expenses	262,147.19			2,649
4. Positive interest from loans and money market transactions	593,877.95	331,730.76	-592,001.58	5,192
5. Current income from				
a) Shares and other variable-yield securities		-. --		290
b) Equity investments		-. --		-
c) Interests in affiliated enterprises		-. --	-. --	-
6. Commission income		16,392,916.27		163,999
7. Commission expenses		128,616.29	16,264,299.98	3,667
8. Net income from financial trading operations			334,526.01	51,620
included therein are deposits into special accounts per § 340g HGB EUR 0.00 (12/1/2015-11/30/2016 TEUR 0)				
9. Other operating expenses			930,713.98	1,513
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	5,074,186.63			70,347
ab) social security contributions, pension and welfare expenses	518,235.58	5,592,422.21		5,030
of which: for pensions EUR 218,383.56 (12/1/2015-11/30/2016 TEUR 1,430)				
b) other administrative expenses		6,995,287.01	12,587,709.22	75,057
11. Depreciation, amortisation and write-downs of tangible and intangible assets			63,303.30	763
12. Other operating expenses			328,965.20	12,681
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		76,000.00		-

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	25,132.57	-50,867.43	139
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations		3,906,693.24	45,854
17. Extraordinary income		-. --	-
18. Extraordinary expenses		-. --	-
19. Extraordinary result		-. --	-. --
20. Taxes on income and earnings	191,314.43		392
21. Other taxes, to the extent not included in item 12	-.--	191,314.43	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		3,715,378.81	45,462
24. Annual net income		-. --	-
25. Profit carried forward/loss carried forward from prior year		-. --	-
		-. --	-
26. Transfers from capital reserves		-. --	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated earnings (balance sheet profit)		-. --	-

Cash Flow Statement in accordance with DRS no. 2-10

	Short Fiscal Year 2016 TEUR	Prior year TEUR
Annual Net Income	**0**	**0**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial assets	-2,369	-1,248
Change in accruals	-7,941	6,171
Changes in other non-cash expenses/income	51	-139
Gain/loss from the sale of financial and tangible assets	-	-106
Other adjustments (in net terms)	290	-1,625
Subtotal:	**-9,969**	**3,053**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	-292,935	128,134
- from clients	14,139	73,660
Debt securities and other fixed-income securities	-	-
Trading portfolio assets	-430,666	2,870,508
Other assets from current operating activities	1,184	-5,286
Liabilities:		
- owed to banks	261,835	-220,764
- owed to clients	26,002	-14,967
Securitized liabilities	-	-
Trading portfolio liabilities	409,449	-2,855,437
Other liabilities from current operating activities	-673	49,626
Interest and dividend payments received	950	16,986
Interest paid	-1,431	-15,405
Income tax payments	191	44
Cash flow from current operating activities	**-21,924**	**30,152**
Payments received from the sale of		
- Financial assets	605	1,302
- Tangible assets	76	330
Payments made for investments in		
- Financial assets	-	-1,775
- Tangible assets	-100	-2,257
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**581**	**-2,400**
Payments received from contributions to equity capital (capital increases, sale of own shares, etc.)	-	-
Payments made to company owners:		
- Dividend payments	-	-32,878
- Other outgoing payments	-	-
Change in cash resources other capital (in net terms)	-	-
Cash flow from financing activities	-	-32,878
Cash and cash equivalents at the end of previous period	**28,222**	**33,348**
Cash flow from current operating activities	-21,924	30,152
Cash flow from investing activities	581	-2,400
Cash flow from financing activities	-	-32,878
Cash and cash equivalents at the end of the period	**6,879**	**28,222**

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/loss TEUR	Total equity capital TEUR
Per November 30, 2016	210,570	318,966	60,944	-	590,480
Capital increases/ sale of own shares	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other changes	-	-	-	-	-
Result December, 2016	-	-	-	-	-
Per December 31, 2016	210,570	318,966	60,944	-	590,480

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Deutschland AG
Frankfurt am Main

Notes to the Financial Statements for the Short Fiscal Year
December 1, 2016 through December 31, 2016

1. Bases of the Accounting

Citigroup Global Markets Deutschland AG, Frankfurt am Main ("CGMD"), is a German stock corporation with its registered offices in Frankfurt am Main. Since June 10, 2010, it has been recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 88301.

On August 29, 2016 and pursuant to a shareholder resolution, the Company elected to change its fiscal year. The fiscal year had previously begun on December 1st of a given year and ended on November 30th of the following year. Effective January 1, 2017, the fiscal year will begin on January 1st of a given year and end on December 31st of the same year. A short financial year has been established for the period of December 1 through December 31, 2016. The information on the short financial year therefore relates to December 31, 2016, whereas the information in the prior year relates to November 30, 2016.
Due to the short fiscal year 2016, year-over-year comparisons are possible to a limited extent only.

The subscribed capital of CGMD includes the registered share capital of EUR 210.6 million. The registered share capital is divided into 8,236,778 no-par value shares, which are held by Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG (CKG), Frankfurt am Main.

The annual financial statements for the short fiscal year were prepared in accordance with the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

2. Accounting and Valuation Methods

Commercial law requirements concerning the valuation of ownership and liability items and relating specifically to banks were observed in the valuation of the assets and liabilities.

The valuation (recognition) of **financial instruments in the trading portfolio** is done at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are initially recognized at their cost of acquisition. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed pursuant to the hierarchical order of valuation criteria set forth in § 255 (4) HGB. Any financial instruments, for which no active market exists, will be valued using generally accepted valuation methods (above all, option pricing models). In general, these methods are based on estimates of future cash flow while taking into account any risk factors that may apply. The most important factors are the price of the underlying, implicit volatilities, yield curves and dividend forecasts. Where the stock market price is used in the valuation, the average stock market price shall apply.

As of December 31, 2016, the risk discount equaled TEUR 509 for the foreign currency risk trading book, TEUR 4,867 for the equities and index risk trading book, and TEUR 199 for the other trading book. The underlying value at risk (VaR) figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, the Bank applied - as of the balance sheet date - a discount to the Other Price Risk Trading Book in the form of a “market value adjustment” totaling TEUR 784, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

Money market transactions are recognized at their face value or nominal amount. Money market transactions in foreign currencies are measured on the basis of § 256a HGB in combination with § 340h HGB.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the fiscal year.

Receivables from clients are recorded at the repayment amount plus accrued interest less any allowances established to cover loan-related risks.

Equity investments are stated at their cost of acquisition less unscheduled write-downs.

Only **intangible assets,** which have been acquired for consideration, are stated at the costs of acquisition less straight-line amortization. In the event of a permanent impairment, an unscheduled write-down is taken.

Tangible assets are stated at acquisition cost less straight line-depreciation. In the event of a permanent impairment, an unscheduled write-down is taken.

Liabilities owed to banks and **liabilities owed to clients** are stated at their settlement amount [*Erfüllungsbetrag*] plus accrued interest.

In connection with hedging the interest rate risk, the Bank recognized on its accounts numerous micro-hedges with a total of five issued ***Schuldscheindarlehen*** (loans that are documented with a certificate of indebtedness known as a "*Schuldschein*") and a face value totaling TEUR 45,000.0. To ensure a refinancing structure with matching maturities, the fixed annual interest rate payments under the certificates of indebtedness which amounted to TEUR 2,224 were swapped for variable interest payments based on the 3-month Euribor by relying on interest rate swap agreements having matching maturities and matching amounts. On the balance sheet date, the Bank elected not to write-up the underlying transactions (*Schuldscheindarlehen*) resulting from the lower interest rate because they had been for the most part covered by the increase in the fair values [*Markwerte*] of the hedges (interest rate swap agreements). The fair value of the

Schuldscheindarlehen is TEUR 12,029 higher than the book value. The increase in market value of the hedges was also not booked. The Bank applies the net hedge presentation method [*Einfrierungsmethode*] for the hedge established under § 254 HGB. It intends to preserve the hedge until the underlying transactions expire. The prospective and retrospective effectiveness testing is done using the critical term match method.

The **pension provisions** were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship, for which commitments have been made and obligations taken on by affiliated enterprises under debt assumption agreements [*Schuldbeitrittserklärung*], and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time. For 2016, CGMD had calculated an amount of TEUR 1,052 as the period of service expense on the basis of the debt assumption agreement and then charged this amount to the impacted companies. The yield derived therefrom was booked in the reporting period from December 1, 2015 through November 30, 2016.

In order to calculate the present cash value, a discount rate of 4.01 % based on a 15-year term in accordance with the rules of the German Act to Modernize Accounting Law (BilMoG) was used as the basis. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used in this fiscal year. With respect to the resulting difference, we refer to our comments on page 8 regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.8% adjustment of the current annuities was assumed. The biometrical data was taken from the Heubeck 2005G mortality tables

As part of the efforts to hedge the pension commitments, the Bank purchased or was contractually promised units in the **Rose** fund at costs of acquisition equaling TEUR 100,256.2. In addition, liquid funds [*liquid Mitteln*] totaling TEUR 4,523.1 were transferred to Citibank Pensionsfund e. V. **Assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB.

In the current short fiscal year, an expense arose from the accrual of interest on the pension obligations in the amount of TEUR 981.4 (prior year: TEUR 4,464.0), while the change in the fair value of the plan assets resulted in income of TEUR 1,796.4 (prior year: TEUR 1,541.4). These earnings components are netted and then reported under other operating income (prior year under other operating expenses). The standard allocation [*Regelzuführung*] produces an expense in the amount of TEUR 218.4 (prior year: TEUR 800.2).

On the balance sheet date, the fair value of the plan assets that are subject to netting equaled TEUR 174,391.2 (prior year: TEUR 172,594.8). The settlement amount of the pension obligations subject to netting equaled TEUR 178,435.0 (prior year: TEUR 177,678.2) on the balance sheet date. The settlement amount that exceeded the plan assets as of the balance sheet date and that equaled TEUR 4,043.8 was shown under line item “Excess of plan assets over post-employment benefit liability” (prior year: TEUR 5,083.4).

Pension obligations also exist under the PAS, PRS and Deferred Compensation plans, which resulted from bonus conversions.

The obligations resulting from the **PAS and Deferred Compensation** plans are linked to the fair value of the relevant fund.

The acquisition costs of the fund units in the PAS Fund (**Sondervermögen PAS)** equal TEUR 4,029.2. On the balance sheet date, the fair value of the PAS Fund assets to be netted equaled TEUR 10,260.2 (prior year: TEUR 9,612.7). The settlement amount of the liabilities to be netted equaled TEUR 10,260.2 (prior year: TEUR 9,612.7).

In the current fiscal year, the change in the fair value (market value) of the plan assets produced an expense in the amount of TEUR 647.5 (prior year income: TEUR 816.0). Since the liability under the PAS plan is linked to the fair value of the PAS fund, this resulted in an expense based on the compounding of the liabilities in the amount of TEUR 647.5 (prior year: income based on discounting TEUR 816.0). In the fiscal year, no current income was accrued (prior year: TEUR 0.0). These components of the result are reported on a net basis.

The costs in acquiring units of the **deferred compensation** fund totaled TEUR 8,976.1. On the balance sheet date, the fair value (market value) of the netted assets of the deferred compensation fund was TEUR 10,191.6 (prior year: TEUR 10,188.9). The settlement amount of the liabilities to be netted equaled TEUR 10,191.6 (prior year: TEUR 10,188.9).

In the current fiscal year, the discounting of the obligations produced an expense in the amount of TEUR 2.7 (prior year: TEUR 65.2), and the change in the fair value of the plan assets yielded income of TEUR 2.7 (prior year: income TEUR 65.2). These components of the result are netted.

In connection with hedging the obligations under the bonus conversion, the Bank purchased units of the **PRS** Fund at costs of acquisition equaling TEUR 38,873.3, and it netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the current fiscal year, the accrual of interest on the pension obligations generated an expense totaling TEUR 286.0 (prior year: TEUR 1,879.9). The change in the fair value of the plan assets resulted in income of TEUR 14.1 (prior year: income TEUR 1,220.8). No current income was accrued during this fiscal year (prior year: TEUR 0.0). The standard allocation produces income of TEUR 81.3 (prior year: expense of TEUR 98.5). These components of the result are netted and reported under other operating expenses. These components of the result are netted and reported under other operating expenses.

On the balance sheet date, the fair value of the plan assets subject to netting equaled TEUR 46,412.4 (prior year: TEUR 47,032.4). The settlement amount of the pension obligations subject to netting was TEUR 53,514.1 (prior year: TEUR 53,915.2) on the balance sheet date. The settlement amount exceeding the plan assets as of the balance sheet date totaled TEUR 7,101.7 (prior year: TEUR 6,882.8) and was reported as an accrued liability under the item “pensions and similar obligations”.

All netted assets consist of liquid funds or units of equity funds. The funds are managed exclusively by outside asset managers, who invest in publicly listed securities according to prescribed investor guidelines. The applied fair value for the assets is based on the overview of the individual fund assets as provided by the respective manager. Alternative valuation methods are not applied.

All funds are outsourced under trusts or other fiduciary arrangements [*Treuhänderschaften*] and are therefore removed from the grasp of creditors in the event of a CGMD insolvency.

Accrued liabilities for contingent liabilities and for potential losses from open business transactions are valued at the settlement amount required on the basis of sound business judgment [*vernünftiger kaufmännischer Beurteilung*].

The other accrued liabilities or provisions have a term to maturity of less than one year, except for the obligations under employee anniversaries and involving early retirement.

On the balance sheet date, the settlement amount for the early retirement obligations equaled TEUR 3,430.5 (prior year: TEUR 3,547.2). The fair value of the pledged reinsurance policies in the amount of TEUR 2,664.9 (prior year: TEUR 2,739.8) was netted against the settlement amount of the early retirement obligations. The settlement amount exceeding the plan assets on the settlement date and totaling TEUR 765.6 (prior year: TEUR 807.4) was shown under the line item, "Other accrued liabilities". In the current fiscal year, an expense in the amount of TEUR 6.8 (prior year: TEUR 133.3) arises from the accrual of interest on the obligations, while income in the amount of TEUR 11.1 (prior year: TEUR 83.8) is yielded from a change in the fair value of the plan assets.

The standard allocation produces income in the amount of TEUR 9.8 (prior year: TEUR 327.5). These earnings components are netted and shown under other operating income.

In light of the examination conducted to meet the requirements of setting aside a provision for threatened losses resulting from interest rate-driven transactions in the banking book [*Bankbuch*] (whether reported on the balance sheet or not) pursuant to § 340a in combination with § 249 (1) sentence 1, Alt. 1 HGB, CGMD applies the cash value approach in accordance with IDW's official statement RS BFA 3.

The items, which are included in the loss-free valuation, relate to typical bank contractual relationships arising from the deposits and lending business and cover the entire CGMD banking book, including off-balance sheet transactions.

The future cash flow generated from such transactions as well as the risk and administrative costs are discounted to present value on the basis of a risk-free yield curve after converting into the reporting currency, if required.

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their contractually prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank's own refinancing costs. Where there are net liability positions, the fictitious lending transaction is discounted at a rate with no risk premium. Viewed as of December 31, 2016, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

The calculation as of December 31, 2016 did not produce a need for setting aside a provision to cover threatened losses from the valuation of interest-rate driven transactions.

The **total sum of the amounts, which are barred from payout distribution** amounted to TEUR 107,928.7 (prior year: TEUR 104,897.6). The amount barred from payout distribution within the meaning of § 268 (8) HGB equals TEUR 84,597.6 (prior year: TEUR 82,165.2), is yielded entirely from the capitalization of the plan assets at fair value in the amount of TEUR 241,255.4 (prior year: TEUR 239,428.9). The amount barred from payout distribution within the meaning of § 253 (6) sentence 1 HGB equals TEUR 23,331.2 (prior year: TEUR 22,732.4) and is yielded from the difference between the valuation of the pension provisions using the 10-year average interest rate pursuant to § 253 (2) sentence 1 HGB and the average annual interest rate over seven years. The freely available provisions exceed the total sum of the amounts that are barred from payout distribution.

Accruals are set aside in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on CGMD's financial condition.

Income and **expense** items are duly allocated to the period in which they were generated.

The method used in the transfer pricing system is based on a process that tracks the value-added chain. The compensation of the business units involved in the business process is a percentage of earnings according to their roles in the overall process.

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 "Negative interest income" or no. 4 "Positive interest from loans and money market transactions" in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

In accordance with § 256a HGB, **foreign currency positions** were converted into Euros at the exchange rate set by the ECB on the reporting date and published by the German *Bundesbank* system (average spot exchange rate).

3. Notes on the Balance Sheet

a) Assets based on term to maturity

Receivables from banks	Dec 31, 2016	Nov 30, 2016
	TEUR	TEUR
a) payable on demand	148,146	130,581
b) up to three months	3,487,800	3,212,800
accrued interest	335	-35
	3,636,281	3,343,346

Receivables from clients	31.12.2016	30.11.2016
	TEUR	TEUR
a) up to three months	90,572	141,229
b) more than three months and up to one year	41,204	4,557
accrued interest	61	241
	131,837	146,027

Liabilities owed to banks	Dec 31, 2016	Nov 30, 2016
	TEUR	TEUR
a) payable on demand	963,051	708,836
b) up to three months	24,869	17,352
accrued interest	59	-45
	987,979	726,143

Liabilities owed to clients	Dec 31, 2016	Nov 30, 2016
	TEUR	TEUR
a) payable on demand	1,234,399	1,208,508
b) up to three months	785,000	785,000
c) more than three months and up to one year	5,000	5,000
d) more than one year and up to five years	10,000	10,000
e) more than five years	30,000	30,000
accrued interest	336	225
	2,064,735	2,038,733

b) Fixed asset movement schedule

	Original acquisition costs		Reversal of write-downs (cumulative write-ups)		Accumulated depreciation, amortization and write-downs		Book values	
	Nov. 30, 2016	Additions (Disposals) Reposting	Nov. 30, 2016	Additions	Nov. 30, 2016	Additions (Disposals) Reposting	Nov. 30, 2016	Nov. 30, 2016
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangible assets acquired for consideration	5,211	-	-	-	5,211	-	-	-
Office and plant equipment	9,387	100	-	-	8,514	24	949	873
Leasehold improvements	15,054	-	-	-	13,359	39	1,656	1,695
Construction in progress	111	(76)	-	-	-	-	35	111
Equity investments	1,136	-	-	-	-	-	1,136	1,136
Total	30,898	100 (76)	-	-	27,083	63	3,776	3,815

Any and all intangible and tangible assets (office and plant equipment as well as leasehold improvements) were used by CGMD itself.

Depreciation, amortization and write-downs relating to the additions made during the fiscal year equaled TEUR 8.

c) Receivables from, and liabilities owed to, affiliated enterprises

	Dec 31, 2016	Nov 30, 2016
	TEUR	TEUR
Receivables from banks	518,352	496,227
Receivables from clients	32,842	30,731
Other assets	0	-
Liabilities owed to banks	844,549	580,110
Liabilities owed to clients	924,755	951,160
Other liabilities	50,629	46,064

d) Assets and liabilities denominated in foreign currencies

	Dec 31, 2016	Nov 30, 2016
	TEUR	TEUR
Assets	154,941	117,253
Liabilities	220,105	193,885

e) Other notes

The asset item shown on the balance sheet, trading portfolio (line item 5a), is divided into derivative financial instruments totaling EUR 3,973.0 million (prior year: EUR 3,534.6 million), debt securities and other fixed-income securities in the amount of EUR 673.2 million (prior year: EUR 702.0 million), and shares and other variable-yield securities in the amount of EUR 380.8 million (prior year: EUR 359.7 million). Of the debt securities and other fixed income securities, EUR 673.2 million (prior year: EUR 702.0 million) were eligible and listed for trading on a stock market. Of the shares and variable-yield securities, EUR 380.8 million (prior year: EUR 359.7 million) were eligible and listed for trading on a stock market.

The equity investments totaling EUR 1.1 million (prior year: EUR 1.1 million) are not eligible for trading on a stock market.

The item shown as other assets in the amount of EUR 15.1 million (prior year: EUR 15.6 million) includes primarily tax receivables of EUR 5.9 million (prior year: EUR 6.0 million), claims under reinsurance policies of EUR 0.6 million (prior year: EUR 0.6 million) and receivables from initial margin EUR 8.5 million (prior year: EUR 8.1 million).

The liability item shown on the balance sheet, trading portfolio (line item 3a), is divided into derivative financial instruments in the amount of EUR 4,067.6 million (prior year: EUR 3,621 million) and liabilities arising from issued and outstanding debt securities in the amount of EUR 966.8 million (prior year: EUR 1,004.0 million).

The item, other liabilities, in the amount of EUR 65.6 million (prior year: EUR 65.7 million) relates primarily to liabilities under the profit transfer obligations totaling EUR 49.2 million (prior year: EUR 45.5 million), liabilities arising from the restructuring and totaling EUR 3.8 million (prior year: EUR 3.8 million) and value added tax in the amount of EUR 2.6 million (prior year: EUR 0.9 million).

The item entitled "other accrued liabilities" relates primarily to the provisions made for bonuses and provisions for restructuring and early retirement. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 20.7 million (prior year: EUR 25.8 million). Provisions in the amount of EUR 9.2 million (prior year: EUR 9.2 million) relate to unpaid investment income withholding tax for prior business years. Provisions for restructuring in the fiscal year amount to EUR 0.5 million (prior year: EUR 0.5 million). Provisions for early retirement equaled EUR 0.8 million (prior year: EUR 0.8 million) after setting-off the pledged re-insurance policies in the amount of EUR 2.7 million (prior year: EUR 2.7 million).

The contingent liabilities relate to guarantees and warranty contracts. These agreements stem from guarantees made in the amount of EUR 475.4 (prior year: EUR 475.1 million). The Bank believes that the likelihood that claims will be made under the guarantees and warranty contracts, which are shown in the balance sheet, is small due to the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

Of the irrevocable credit lines granted in the amount of EUR 492.8 million (prior year: EUR 428.2 million), EUR 481.1 million (prior year: EUR 416.5 million) have a term to maturity of more than one year, EUR 11.7 million have a term of less than one year (prior year: EUR 11.7 million). The lines of credit have been granted exclusively to non-banks.

As of the balance sheet date, the Bank had not engaged in any off-balance sheet transactions which fall within the meaning of § 285 no. 3a HGB and which were outside the ordinary course of business.

Transactions with related parties within the meaning of § 285 no. 21 HGB are made only on an arm’s length basis.

f) Other contingent liabilities

Under a type of absolute guarantee [*selbstschulderische Bürgschaft*], the Bank has assumed secondary liability for the performance of the additional funding obligations of the other member banks of the banking association known as Bundesverband deutscher Banken e.V, Berlin.

Moreover, since 2009, the Bank has taken the opportunity of participating in the credit filing system [*Krediteinreichungsverfahren*] of the German Central Bank [*Bundesbank*], Frankfurt am Main, pursuant to which the credit commitment on file serves as security for the cash funds received. CGMD participated in the credit filing system in the fiscal year.

Together with Citibank N.A. in New York, the Frankfurt Branch, and Citigroup Global Markets Finance Corporation & Co. KG, Frankfurt, the Bank is also liable under the debt assumption agreements of November 30, 2011 in connection with the benefits owed for the pension commitments. Commensurate indemnity payments, the amount of which tracks the period of service expense, have been contractually promised by the contracting partners.

g) Other financial liabilities

Financial liabilities of EUR 3.4 million *per annum* exist under leases that run until the end of their term on 30 June 2020.

4. Notes on the Income Statement

The income and expenses included in the income statement were generated from both domestic and foreign business sources.

The persistently low interest rates, the negative yield made on deposits with the ECB as well as the weak demand for loans led to a negative net interest income of EUR 0.6 million (prior year: EUR 4.2 million). Of the negative interest income from loans and money market transactions totaling EUR 0.9 million (prior year: EUR 6.7 million), EUR 0.6 million (prior year: EUR 6.2 million) is attributable to positive interest income and EUR 1.5 million (prior year: EUR 12.9 million) is attributable to negative interest income. Of the negative interest expenses totaling EUR 0.3 million (prior year: EUR 2.5 million), EUR 0.3 million (prior year: 2.7 million) is attributable to interest expenses and EUR 0.6 million (prior year: EUR 5.2 million) is attributable to positive interest from credit and money market transactions.

Commission income equal EUR 16.4 million (prior year: EUR 164.0 million). This is made up primarily of brokerage commissions earned by affiliated enterprises totaling EUR 11.9 million (prior year: EUR 108.1 million), commissions from securities transactions of EUR 2.2 million (prior year: 24.2 million) and commissions from Eurex products of EUR 1.4 million (prior year: EUR 15.6 million)

Commission expenses equaled EUR 0.1 million (prior year: EUR 3.7 million) and included mostly intra-group cost sharing for relationship management.

The net income of the trading portfolio resulted primarily from gains and losses of the currency risk trading book in the amount of EUR 0.8 million (prior year: EUR 12.2 million) and of the equities and index risk trading book in the amount of EUR 0.3 million (prior year: EUR 39.1 million). The negative result reported in the other trading book equals EUR 0.7 million (prior year: positive result of EUR 0.3 million) and consists mostly of results from warrants traded on commodities and precious metals and from exchange-traded futures transactions on commodities and precious metals. The negative result in the interest rate risk trading book is TEUR 28.1 (prior year: positive result TEUR 3.8) and includes results from interest rate swap agreements.

Under the item, net expense from financial trading operations, no amounts were deducted during the short fiscal year pursuant to § 340e (4) HGB (prior year EUR 0.0 million). There were no allocations to the fund for general bank risks in accordance with § 340g HGB because the statutory minimum for the fund has been reached.

Other operating income equaled EUR 0.9 million (prior year: EUR 1.5 million) and included mostly expenses and income (netted) from valuing the Rose plan assets

[*Pensionsdeckungsvermögens*] and the corresponding pension obligations in the amount of EUR 0.8 million (prior year: other operating expenses) and income from subleasing in the amount of EUR 0.1 million (prior year EUR 0.3 million).

Personnel expenses equal EUR 5.6 million (prior year: EUR 75.4 million).

The other administrative expenses total EUR 7.0 million (prior year: EUR 75.1 million) and consist primarily of processing costs of Citigroup, Citi charge-outs, custody fees, rents and costs for the listing of derivative products.

The other operating expenses equaled EUR 0.3 million (prior year: EUR 12.7 million) and included mostly expenses and income (netted) from valuing the plan assets (PRS) and the corresponding pension obligations in the amount of EUR 0.2 million (prior year: PRS and Rose EUR 3.6 million).

.

In the fiscal year, the Bank booked taxes on income and earnings from earlier years in the amount of EUR 0.2 million (prior year: EUR 0.4 million). Of that amount, EUR 0.0 million relate to taxes on income and earnings from prior years (prior year: EUR 0.0 million).

Effective as of the end of fiscal year 2008, the tax allocation agreement (*Steuerumlagevertrag*) that had been in place with Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main, was terminated. The expenses incurred for domestic taxes are still shown at the level of the tax group parent company [*Organträger*].

Pursuant to a profit transfer or partial profit transfer agreement, the allocated profits were transferred to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main, in the amount of EUR 3.7 million.

5. Fee of the Annual Accounts Auditor

The total fee charged by the annual accounts auditor for the short fiscal year 2016 includes:

a) Annual audit services	EUR 120,000.00

b) Other consulting services	EUR	0.00
c) Tax advisory services	EUR	0.00
d) Miscellaneous services	EUR	9,990.00
e) Expenses	EUR	14,252.00
f) Total	EUR	144,242.00

The other payments relate to an engagement involving the review of accounting facts under hypothetical scenarios for purposes of ensuring quality.

6. Notes on Derivative Transactions

a) Types of derivative transactions

As of December 31, 2016, the Bank's derivative transactions included the following types of transactions:

aa) Trading transactions

aaa) Foreign currency risk trading book: OTC currency option transactions and currency warrants.

aab) Equities and index trading book: equities and other variable-yield securities in the trading portfolio, equities and index warrants, exchange-traded futures and options on equities and equity indexes, as well as index certificates and equity certificates.

aac) Other trading book: exchange-traded futures transactions and warrants on commodities and precious metals.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per December 31, 2016:

ba) Foreign currency risk trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC currency options					
Bought	29	-	-	29	0.6
Sold	-	-	-	-	-
Currency warrants					
Own issues					
Bought	182	-	335	517	34.0
Sold	235	-	359	594	./. 36.8
Exchange-traded futures					
Foreign exchange certificates					
Bought	8	-	-	8	0.1
Sold	-	-	-	-	-

The foreign currency risk trading book consists primarily of options on the price of gold and the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

bb) Equities and index trading book

	< 1 year Nominal amount	-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR millions	EUR millions	EUR millions	EUR millions	EUR millions
Equity warrants					
Own issues					
Bought	3,545	542	3,162	7,249	1,803.2
Sold	5,033	729	3,369	9,131	./. 1,919.1
OTC stock options					
Bought	1	-	-	1	-

Sold	8	-	-	8	./. 0.3
Third party index warrant issuers					
Bought	120	-	-	120	5.8
OTC index options					
Bought	6	-	-	6	0.2
Index warrants					
Bought	12,076	14	8,751	20,841	2,054.4
Sold	12,633	22	8,906	21,561	./. 2,074.3
Exchange-traded index futures					
Bought	69	-	-	69	0.7
Sold	167	-	-	167	./. 0.2
Exchange-traded index options					
Bought	234	-	-	234	6.5
Sold	226	3	-	229	./. 5.5
Exchange-traded stock options					
Bought	1,084	155	-	1,239	55.3
Sold	40	16	-	56	./. 5.3
Index and equity certificates					
Own issues					
Bought	67	2	377	446	673.2
Sold	327	13	348	688	./. 966.8

The Equities and index trading book includes mostly options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term.

bc) Other trading operations

	< 1 year Nominal amount EUR in millions	1-5 years Nominal amount EUR in millions	> 5 years Nominal amount EUR in millions	Total Nominal amount EUR in millions	Market value EUR in millions
Warrants on commodities and precious metals					
Own issue					
Bought	6	-	85	91	24.4
Sold	10	-	90	100	./.25.5
Exchange-traded precious metal futures					
Bought	4	-	-	4	-
Sold	1	-	-	1	-

The other trading operations trading book includes above all options on the price of oil and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

c) Counterparty credit risk in derivatives trading

As of December 31, 2016, the credit equivalents under the CCR (Counterparty Credit Risk) before credit risk weighting and after regulatory netting are as follows:

Credit risk	Companies and individuals and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Credit equivalent in EUR '000		
Foreign currency risk and other price risks trading book	3,285	180,738	-
Other trading transactions	-	11,375	-
Total	3,285	192,113	-

d) Non-settled forward transactions

In connection with the option transactions, CGMD books the premium on the trade date. On the balance sheet date, this practice results in obligations arising from forward transactions that have not yet settled and that are reported in the trade balance sheet for currency risks, equity and index risks and other risks.

7. Miscellaneous notes

CGMD is included in the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Reuterweg 16, 60323 Frankfurt am Main, which is where the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG can also be obtained. Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is included in the consolidated financial statements of Citigroup Inc., 388 Greenwich Street in New York, as the ultimate group parent company, which is where the Citigroup consolidated financial statements can also be obtained.

Since 2001, CGMD has had a branch in London, which carries out primarily warrant transactions.

The CGMD Executive Board consist of the following members

Stefan Wintels, Frankfurt am Main, Bank Director, Chairman
Dr. Silvia Carpitella, Frankfurt am Main, Bank Director,
Thomas Falk, Hochheim am Main, Bank Director,
Stefan Hafke, Kelkheim, Bank Director,
Andreas Hamm, Dreieich, Bank Director,
Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Christian Spieler, Bad Homburg, Bank Director.

The Supervisory Board consists of the following members:

Hans W. Reich, Kronberg, Bank Director, Chairman,
Bradley Gans, London, Bank Director, Deputy Chairman,
Tim Färber, Kelsterbach, Salaried Bank Employee, Employee Representative

During short fiscal year from December 1 through December 31, 2016, the Bank employed an average of 259 persons. The average period of employment for staff members as of December 31, 2016 was as follows:

101	Employees	up to 5 years
54	Employees	6-10 years
56	Employees	11-20 years
48	Employees	21 years or more
259		

In the fiscal year, total remuneration (including stock options granted) of the Executive Board was TEUR 492.2. Pension obligations totaled approximately TEUR 2,381.1. In the reporting year, total remuneration (including stock options exercised) of former members of management bodies and their survivors totaled approximately TEUR 435.8. Liabilities for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 43,849.3.

On the basis of the equity-based remuneration, approximately 2.4 thousand shares amounting to USD 142.7 thousand were granted as variable compensation.

In the short fiscal year 2016, supervisory board remuneration totaling TEUR 3.1 was granted. The Company has exercised its elective right under § 286 (4) HGB regarding disclosures about provisions for current pensions and pension expectancies [*Anwartschaften*] of the supervisory board members under § 285 (9) b.

In the short fiscal year, the members of the advisory board [*Beirat*] were paid compensation totaling TEUR 45.6.

At year end, there were no outstanding loan obligations owed by members of the Executive Board of CGMD.

8. Supplementary report

No events of special importance (*besonderer Bedeutung*) have occurred following the balance sheet date (Negative Covenant)).

Frankfurt am Main, April 26, 2017

Citigroup Global Markets Deutschland AG

Stefan Wintels (CEO)	Dr. Silvia Carpitella
Thomas Falk	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Christian Spieler	

Report from the Supervisory Board of Citigroup Global Markets Deutschland AG for the Short Fiscal Year (December 2016)

Throughout the short fiscal year, the Supervisory Board continually received verbal and written reports from the Executive Board about the condition of the Company and about its business development. During the short fiscal year, the Supervisory Board Chairman solicited regular, timely and comprehensive reports from the Executive Board about the course of business and key developments at the Bank and in the Group and monitored them The Supervisory Board also addressed the legislative and regulatory changes that were published in the short fiscal year. Thus, in accordance with the statutory provisions, it monitored the Company's management.

The Supervisory Board held one regular meeting during the short fiscal year. The subject matter of the Supervisory Board meeting was the report from the Executive Board on the current condition of the Company, including *inter alia* the basis of the risk report. The composition of the Executive Board remained unchanged during the reporting period.

Given its size, the Supervisory Board once again did not form any separate committees. The orientation and advanced training programs for the Supervisory Board members were spread out over the entire 2016 calendar year; nevertheless, no such program took place during the short fiscal year of December 2016.

The annual financial statements and management report for the short fiscal year of December 2016, including the bookkeeping system, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and were found to comply with the applicable statutory provisions and the Company's articles of association. The annual financial statements and management report were issued an unqualified auditor's report (*uneingeschränkten Bestätigungsvermerk*). We agree with the audit report.

Based on the completed results from the audit of the annual financial statements and management report as undertaken by the Supervisory Board, there have been no objections raised. At its meeting on April 26, 2017, the Supervisory Board approved the annual financial statements for the short fiscal year (December 2016) as submitted by the Executive Board and approved the management report.

The Supervisory Board thanked the Executive Board members and the employees for their commitment and contributions in achieving the Company's defined goals.

Frankfurt am Main, April 26, 2017

The Supervisory Board

Hans W. Reich
Chairman

Independent Auditors' Report

For Citigroup Global Markets Deutschland AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements

Audit opinion on the annual financial statements

We have audited the annual financial statements of Citigroup Global Markets Deutschland AG, Frankfurt am Main, comprising the balance sheet, income statement, cash flow statement, and the statement of changes in equity, for the short fiscal year from December 1 to 31, 2016, as well as the notes to the annual financial statements, including the accounting policies presented in the notes.

In accordance with section 322(3) sentence 1 half sentence 2 of the German Commercial Code (Handelsgesetzbuch, HGB), we affirm that in our opinion, based on the findings of our audit, the accompanying annual financial statements comply in all material aspects with the German commercial laws applicable to stock corporations and give a true and fair view of the net assets and financial position of the Company in accordance with German principles of proper accounting as of December 31, 2016, as well as its results of operations for the short fiscal year from December 1 to 31, 2016.

In accordance with section 322(3) sentence 1 half sentence 1 HGB, we affirm that our audit did not lead to any reservations with respect to the compliance of the annual financial statements.

Basis for the audit opinion on the annual financial statements

We conducted our audit in compliance with section 317 HGB and Regulation (EU) No. 537/2014, which governs the statutory audit of European public-interest entities (hereinafter referred to as "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Our responsibility under these provisions and principles and supplementary standards is described in detail in the Section of our report entitled "Responsibility of the auditor for the audit of the annual financial statements". We are independent from the Company in compliance with German laws and professional regulations, and we have fulfilled our other German professional duties in compliance with these requirements. We believe that the evidence obtained is sufficient and adequate to provide a basis for our opinion.

In accordance with Article 10(2) letter (f) EU-APrVO, we affirm that we did not provide any of the prohibited non-audit services referred to in Article 5(1) EU-APrVO and that we remained independent of the audited entity in conducting the audit.

Particularly important audit issues

Particularly important audit issues are such matters that in our due discretion were most important in our audit of the annual financial statements for the short fiscal year from December 1 to 31, 2016.

These matters were taken into account as a whole in connection with our audit of the annual financial statements and in the formation of our audit opinion; we do not issue a separate audit opinion regarding these matters.

Determination of fair value with the help of valuation models for the valuation of the trading portfolio

Please refer to Note 2 for more information regarding the accounting policies applied by CGMD. Please refer to Note 6 regarding the composition of the trading portfolio on the assets and liabilities side of the balance sheet.

THE RISK FOR THE FINANCIAL STATEMENTS

The transactions of the trading portfolio are measured at fair value and relate to the issue of warrants and certificates and the associated hedging transactions, i.e. OTC and exchange-traded derivatives. At 56.99% of total assets and 57.07% of total equity and liabilities respectively (EUR 5,027 million and EUR 5,034 million respectively in absolute amounts), the balance sheet items related to the trading portfolio are the largest line items of CGMD's annual financial statements.

In some cases, no market prices are observable for warrants, certificates, and OTC derivatives. The fair values are to be determined on the basis of accepted valuation methods. The selection of valuation models as well as their parameters are subject to discretionary judgments. The risk for the financial statements in particular in this regard is that no appropriate valuation models and/or valuation parameters are used and that the trading portfolio as well as net trading income insofar are not presented in compliance with accounting principles.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

In an initial step, we acquired a comprehensive overview of the changes in the financial instruments of the trading portfolio, the associated risks, and the internal control system with respect to the valuation of the financial instruments of the trading portfolio. In order to identify special risk characteristics, we conducted various analyses based on the entire trading portfolio.

For the assessment of the appropriateness of the internal control system with respect to the valuation of financial instruments for which no market prices can be observed, we conducted surveys that included KPMG internal experts (valuation specialists) and inspected the relevant documents. In particular, the audit covered whether the models were validated independently of trading activity both when they were introduced as well as regularly or as needed. For a deliberate selection, we audited whether the validations were conducted and documented properly and whether the implemented model and its assumptions are appropriate and suitable for the respective product. The deliberate selection covers all important products.

After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation.

Our valuation specialists also carried out a subsequent valuation for a particular deliberate selection of products under materiality and risk considerations and compared the results with the values determined by the bank. With respect to this subsequent valuation, observable pricing and market information was used to the extent possible.

OUR CONCLUSIONS

Trading portfolios for which no prices can be observed on the market are evaluated on the basis of appropriate models and parameters in compliance with the accounting principles.

Invoicing of intra-Group services

THE RISK FOR THE FINANCIAL STATEMENTS

CGMD is integrated into Citigroup's global network and in this context offers its services and brokers services and solutions to other Citigroup entities. In addition, numerous subsidiaries of internationally active corporate groups that maintain a business relationship with other Citigroup entities are serviced by CGMD in Germany. As part of its offering of products and services to Group companies of parent companies based in Germany, CGMD assumes, among other things, the functions of the management of the customer relationship to the parent company as well as the distribution and brokerage of products and services. EUR 12.1 million (prior year: EUR 108.1 million) of the commission income in the amount of 16.4 million (prior year: EUR 164.0 million) can be attributed to income from affiliated enterprises. In addition, expenses for intra-Group services in the amount of EUR 2.3 million (prior year: EUR 29.1 million) are reported under other administrative expenses.

As a result of the high level of level of global job-sharing within Citigroup, great importance is attached to intra-Group service relationships both with respect to the preparation of the original bank services as well as in the rendering of supporting functions. Whereas most bank services are invoiced based on the so-called revenue/fee split method, the cost plus method is used in particular for supporting services. The risk for the financial statements in this regard is that service relationships with other Citigroup entities are not completely recognized or are recognized in the wrong amount and, consequently, the corresponding income and expenses are presented in the wrong amounts.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

First, we acquired an overview of CGMD's key product lines and services, the invoicing models specified for these products and services, and the associated risks. We analyzed the processes for the recognition, invoicing, and accounting treatment of the intra-Group services rendered based on the identifiable risk characteristics.

We conducted surveys and inspected the relevant documents for the assessment of the adequacy of the internal control system. The control processes regarded as relevant for our audit are intended in particular to ensure the accuracy and completeness of the income and expenses from intra-Group services and their processing.

After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation.

As part of substantive audit procedures, we audited in particular manual entries. Furthermore, we audited the prices for a selection of intra-Group services chosen deliberately with regard to materiality and risk. For services that are compensated based on the revenue and/or fee split method, we audited whether the services were compensated based on the Group-wide standard and documented transfer pricing method. Insofar as intra-Group services were invoiced based on the cost plus method, we audited the derivation of the cost basis and the mark-ups.

OUR CONCLUSIONS

The measures implemented in the bank are suited to completely and accurately recognizing income and expenses from intra-Group services in CGMD's annual financial statements.

Responsibility of the Company's Executive and Supervisory Board for the annual financial statements

The Company's management is responsible for preparing annual financial statements that comply with German commercial laws applicable for stock corporations as well as for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the management is responsible for the internal controls that it has deemed necessary in accordance with German principles of proper accounting in order to facilitate the preparation of annual financial statements that are free from intentional or unintentional material misstatements.

When preparing annual financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern. Furthermore, it is responsible for disclosing any relevant matters related to the continuance of the Company as a going concern as well as for preparing the annual financial statements based on the assumption that the Company will continue as a going concern unless factual or legal circumstances contradict this assumption.

The Supervisory Board is responsible for monitoring the accounting process of the Company for the preparation of the annual financial statements.

Responsibility of the auditor for the audit of the annual financial statements

Our objective is to obtain reasonable assurance regarding whether the annual financial statements as a whole are free from intentional or unintentional material misstatements and to issue a report that includes our audit opinion on the annual financial statements. Reasonable assurance is a high level of certainty but not a guarantee that an audit conducted in accordance with section 317 HGB and the EU-APrVO as well as the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW) will always detect a material misstatement. Misstatements can result from violations or errors and are considered to be material if it can be reasonably expected that they individually or collectively influence the financial decisions made by addressees on the basis of the annual financial statements.

As part of an audit in accordance with section 317 HGB and the EU-APrVO as well as the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW), we exercise due discretion during the entire audit of the annual financial statements and maintain professional skepticism. In addition:

- We identify and assess the risk of intentional or unintentional material misstatements in the annual financial statements, plan and perform audit procedures as a reaction to this risk and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misstatements are not detected is higher with violations than in the case of errors, since violations can involve fraudulent cooperation, falsification, intentional omissions, misleading disclosures and/or the suspension of internal controls.
- We gain an understanding of the internal control system that is relevant for the audit of the annual financial statements in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of the Company's internal control system.
- We assess the appropriateness of the accounting policies applied by the Company's statutory representatives (management) as well as the reasonableness of the estimated values presented by the management and any associated disclosures.
- We draw conclusions on the appropriateness of the application of the going-concern accounting principle on the part of the Company's management as well as whether there is significant uncertainty in connection with events or circumstances based on the audit evidence obtained that could raise considerable doubts about the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we are obligated to make reference in the auditors' report to the associated disclosures in the annual financial statements or in the management report, or to modify our audit opinion if these disclosures are inappropriate. We draw our conclusions on the basis of the audit evidence obtained by the date of our auditors' report. However, future events or circumstances can lead to a situation in which the Company can no longer continue as a going concern.
- We assess the overall presentation, structure, and contents of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with German principles of proper accounting.

We discuss with the Supervisory Board the planned scope and timing of the audit as well as significant audit findings, including any defects in the internal control system that we identify during our audit.

We provide the Supervisory Board with a statement affirming that we have complied with the relevant requirements for independence and discuss with the Supervisory Board all relationships and other matters that can be reasonably presumed to have an impact on our independence as well as the related protective measures taken.

We determine which of the matters that we have discussed with the Supervisory Board were most important in the audit of the annual financial statements for the current period and therefore those which are particularly important audit issues. We describe such matters in our report on the audit of the annual financial statements, unless laws or other legal provisions prevent their public disclosure.

Other regulatory and legal requirements

Report on the Audit of the Management Report

Audit opinion on the management report

We have audited the management report of Citigroup Global Markets Deutschland AG, Frankfurt am Main, for the short fiscal year from December 1 to 31, 2016.

In our opinion based on the findings of our audit, the accompanying management report provides a suitable view of the Company's position. The management report is consistent with the annual financial statements in all material aspects, complies with the legal requirements, and suitably presents the opportunities and risks of future development.

Our audit did not lead to any reservations with respect to the compliance of the management report.

Basis for the audit opinion on the management report

We conducted our audit of the management report in accordance with section 317(2) HGB and the German generally accepted standards for the audit of management reports promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). We believe that the evidence obtained is sufficient and adequate to provide a basis for our opinion.

Responsibility of the Company's management and Supervisory Board for the management report

The Company's management is responsible for preparing a management report that presents a suitable view of the Company's position and is consistent with the annual financial statements, complies with the legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, the Company's management is responsible for the safeguards and measures (systems) that it has deemed necessary in order to facilitate the preparation of a management report in accordance with the applicable German statutory provisions and in order to be able to provide appropriate and sufficient evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the accounting process of the Company for the preparation of the management report.

Responsibility of the auditor for the audit of the management report

Our goal is to ascertain with sufficient certainty whether the management report on the whole provides a suitable view of the Company's position and is consistent with the annual financial statements as well as with the findings of our audit in all material aspects, complies with the legal requirements, and suitably presents the opportunities and risks of future development, and to issue a report that includes our audit opinion on the management report.

As part of an audit of annual financial statements, we audit the management report in accordance with section 317(2) HGB and the German generally accepted standards for the audit of management reports promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). In this context, we emphasize:

- The audit of the management report is integrated into the audit of the financial statements.
- We gain an understanding of the safeguards and measures (systems) relevant for the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of these safeguards and measures (systems).
- We perform audit procedures regarding the future-oriented disclosures made by the Company's management in the management report. Based on appropriate and sufficient audit evidence, we comprehend in particular the important assumptions underlying the future-oriented disclosures made by the Company's management and assess the reasonableness of these assumptions as well as the appropriate derivation of the future-oriented disclosures based on these assumptions. We do not issue a separate audit opinion regarding the future-oriented disclosures or the underlying assumptions. There is considerable unavoidable risk that future events will differ significantly from the future-oriented disclosures.
- Likewise, we do not issue a separate audit opinion on the individual disclosures in the management report, but instead issue an audit opinion on the management report as a whole.

Other disclosures in accordance with Article 10 EU-APrVO

We were selected to serve as auditor by the shareholders’ meeting on August 29, 2016. We were appointed by the Chairman of the Supervisory Board on January 24, 2017. We have been the auditor of Citigroup Global Markets Deutschland AG, Frankfurt am Main, for 19 years in a row. We affirm that the audit opinion included in this auditors' report is consistent with the additional report to the Supervisory Board in accordance with Article 11 EU-APrVO (long-form audit report).

We have not provided any services to the Company in addition to the audit of the annual financial statements that have not already been disclosed in the annual financial statements or in the management report.

Responsible Auditor

The auditor responsible for the audit is Klaus-Ulrich Pfeiffer.

Balance Sheet as of November 30 2016
Citigroup Global Markets Deutschland AG, Frankfurt am Main

A s s e t s

	EUR	EUR	EUR	11/30/2015 TEUR
1. Cash reserve				
a) Cash on hand		-.--		-
b) Credit balances held at central banks		28,221,777.57		33,348
of which: at the German *Bundesbank* (German Central Bank) EUR 28,221,777.57 (11/30/2015 TEUR 33,348)				
c) Credit balances held at post giro offices		-.--	28,221,777.57	33,348
2. Receivables from banks				
a) Due upon demand			130,581,462.35	117,644
b) Other receivables			3,212,764,867.99	3,353,837
3. Receivables from clients			146,026,897.76	219,548
of which: secured through *in rem* security interests *(Grundpfandrechte)* EUR -.-- (11/30/2015 TEUR -)				
municipal loans EUR -.-- (11/30/2015 TEUR -)				
4. Debt securities and other fixed-income securities				
a) Money market paper				
aa) issued by government entities	-.--			-
ab) issued by other entities	-.--	-.--		-
b) Bonds and debt securities				
ba) issued by government entities	-.--			-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (11/30/2015 TEUR -)				
bb) issued by other entities	-.--	-.--		-
of which: qualifying as collateral for the German Bundesbank EUR -.-- (11/30/2015 TEUR -)				
c) Own debt securities		-.--	-.--	-
face evalue EUR -.-- (11/30/2015 TEUR -)				
5. Stocks and other variable-yield securities			-.--	-

5a	**Trading portfolio**		4,596,319,819.18	7,466,828
6.	**Equity investments**		1,135,714.07	1,354
	of which: held in banks EUR -.-- (11/30/2015 TEUR 218)			
	held in financial service institutions EUR -.-- (11/30/2015 TEUR -)			
7.	**Intangible assets**			
	a) Internally generated industrial property rights and similar rights and assets	-.--		-
	b) Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	-.--		-
	c) Goodwill	-.--		-
	d) Prepayments	-.--	-.--	-
8.	**Tangible assets**		2,678,865.74	1,515
9.	**Other assets**		15,592,438.28	9,161
10.	**Prepaid and deferred items**		1,440,897.52	2,586
11.	**Excess of plan assets over post-employment benefit liability**		0.00	-
Total assets			8,134,762,740.46	11,205,821

		EUR	EUR	EUR	Liabilities 11/30/2015 TEUR
1. Liabilities owed to banks					
a) Payable on demand				708,835,871.40	924,329
b) Having an agreed term or notice period				17,307,466.13	22,579
2. Liabilities owed to clients					
a) Savings deposits					
aa) with an agreed notice period of three months		-.--			-
ab) with agreed notice period of more than three months		-.--	-.--		-
b) Other liabilities					
ba) payable on demand		1,208,507,432.87			1,199,094
bb) having an agreed term or notice period		830,225,433.74	2,038,732,866.61	2,038,732,866.61	854,606
3. Securitised liabilities					
a) Issued debt securities			-.--		-
b) Other securitised liabilities			-.--		-
of which:					
Money market paper	EUR -.-- (11/30/2015 TEUR -)				
Own acceptances and promisory notes outstanding	EUR -.-- (11/30/2015 TEUR -)				
c) Miscellaneous securitized liabilities		-.--	-.--	-.--	-
3a Trading portfolio				4,624,978,513.46	7,480,415
4. Other liabilities				65,669,924.79	49,831
5. Deferred income				249,835.90	245

6. Accrued liabilities				
a) Pensions and similar obligations		11,966,239.00		14,892
b) Tax reserves		-.--		-
c) Other accrued liabilities		50,797,725.74	62,763,964.74	43,605
7. Funds for general bank risks as defined in § 340e (4) HGB			25,743,512.35	25,744
8. Equity capital				
a) Subscribed capital				
aa) registered share capital	210,569,889.00			210,570
ab) silent partner capital	-.--	210,569,889.00		-
b) Capital reserve	318,967,162.22	318,967,162.22		318,967
c) Earnings reserves				
ca) legal reserve	33,027,197.15			33,027
cb) reserves for treasury shares	-.--			-
cc) reserves required by articles of association	-.--			-
cd) other earnings reserves	27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)		-.--	590,480,785.08	590,481
Total liabilities and equity capital			8,134,762,740.46	11,205,821

	EUR	EUR	11/30/2015 TEUR
1. Contingent liabilities			
a) Contingent liabilities arising from transferred and cleared bills of exchange	-.--		-
b) Liabilities arising from guarantees and warranty contracts	475,091,677.84		525,649
c) Liabilities arising from security furnished on behalf of third parties	-.--	475,091,677.84	-
2. Other obligations			
a) Redemption obligations under repurchase agreements	-.--		-
b) Placement and underwriting obligations	-.--		-
c) Irrevocable lines of credit	428,167,011.03	428,167,011.03	581,284

Income Statement

for the period of December 1, 2015 through November 30, 2016

Citigroup Global Markets Deutschland AG, Frankfurt am Main

	EUR	EUR	EUR	12/1/2014-11/30/2015 TEUR
1. Interest income from				
a) Loans and money market transactions	6,231,342.65			5,163
2. Negative interest income from				
a) Loans and money market transactions	12,936,372.17	- 6,705,029.52		4,020
3. Interest expenses	2,649,165.67			2,911
4. Positive interest from loans and money market transactions	5,192,475.77	2,543,310.10	- 4,161,719.42	2,126
5. Current income from				
a) Shares and other variable-yield securities		-. --		1,030
b) Equity investments		290,679.36		-
c) Interests in affiliated enterprises		-. --	290,679.36	-
6. Commission income		163,998,922.30		148,461
7. Commission expenses		3,666,858.98	160,332,063.32	2,464
8. Net income from financial trading operations			51,619,591.39	55,086
included therein are deposits into special accounts per § 340g HGB EUR 0.00 (12/1/2014-11/30/2015 TEUR 6,121)				
9. Other operating expenses			1,512,994.39	5,542
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	70,347,221.54			61,126
ab) social security contributions, pension and welfare expenses	5,029,649.59	75,376,871.13		9,838
of which: for pensions EUR 1,429,751.05 (12/1/2014-11/30/2015 TEUR 6,188)				
b) other administrative expenses		75,057,369.95	150,434,241.08	71,766
11. Depreciation, amortisation and write-downs of tangible and intangible assets			763,280.30	537
12. Other operating expenses			12,680,655.80	32,064
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		-.--		-

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	139,230.28	139,230.28	972
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations		45,854,662.14	33,654
17. Extraordinary income		-. --	-
18. Extraordinary expenses		-. --	-
19. Extraordinary result		-. --	-
20. Taxes on income and earnings	392,223.71		776
21. Other taxes, to the extent not included in item 12	-.--	392,223.71	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		45,462,438.43	32,878
24. Annual net income		-. --	-
25. Profit carried forward/loss carried forward from prior year		-. --	-
		-. --	-
26. Transfers from capital reserves		-. --	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated earnings (balance sheet profit)		-. --	-

Cash Flow Statement in accordance with DRS no. 2-10

	2016 TEUR	Prior year TEUR
Annual Net Income	**0**	**0**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial assets	-1,248	-6,907
Change in accruals	6,171	29,314
Changes in other non-cash expenses/income	-139	5,148
Gain/loss from the sale of financial and tangible assets	-106	74
Other adjustments (in net terms)	-1,625	-8,102
Subtotal:	**3,053**	**19,527**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	128,134	-269,415
- from clients	73,660	27,955
Debt securities and other fixed-income securities	-	-
Trading portfolio assets	2,870,508	-2,323,284
Other assets from current operating activities	-5,286	12,914
Liabilities:		
- owed to banks	-220,764	59,593
- owed to clients	-14,967	150,590
Securitized liabilities	-	-
Trading portfolio liabilities	-2,855,437	2,366,266
Other liabilities from current operating activities	49,626	41,440
Interest and dividend payments received	16,986	14,776
Interest paid	-15,405	-6,673
Income tax payments	44	-1
Cash flow from current operating activities	**30,152**	**93,688**
Payments received from the sale of		
- Financial assets	1,302	1,182
- Tangible assets	330	1
Payments made for investments in		
- Financial assets	-1,775	-1,371
- Tangible assets	-2,257	-557
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**-2,400**	**-745**
Payments received from contributions to equity capital (capital increases, sale of own shares, etc.)	-	122,710
Payments made to company owners:		
- Dividend payments	-32,878	-125,671
- Other outgoing payments	-	-
Change in cash resources other capital (in net terms)	-	-122,710
Cash flow from financing activities	-32,878	**-125,671**
Cash and cash equivalents at the end of previous period	**33,348**	**66,076**
Cash flow from current operating activities	30,152	93,688
Cash flow from investing activities	-2,400	-745
Cash flow from financing activities	-32,878	-125,671
Cash and cash equivalents at the end of the period	**28,222**	**33,348**

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/loss TEUR	Total equity capital TEUR
Per November 30, 2015	210,570	318,966	60,944	-	590,480
Capital increases/ sale of own shares	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other changes	-	-	-	-	-
Annual result 2015	**-**	**-**	**-**	**-**	**-**
Per November 30, 2016	210,570	318,966	60,944	-	590,480

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Deutschland AG
Frankfurt am Main

Notes to the Financial Statements for Fiscal Year 2016

1. Bases of the Accounting

Citigroup Global Markets Deutschland AG, Frankfurt am Main ("CGMD"), is a German stock corporation with its registered offices in Frankfurt am Main. Since June 10, 2010, it has been recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 88301.

The fiscal year begins on December 1 and ends on November 30 of the following year.

The subscribed capital of CGMD includes the registered share capital of EUR 210.6 million. The registered share capital is divided into 8,236,778 no-par value shares, which are held by Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG (CKG), Frankfurt am Main.

The annual financial statements for fiscal year 2016 were prepared in accordance with the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

2. Accounting and Valuation Methods

Commercial law requirements concerning the valuation of ownership and liability items and relating specifically to banks were observed in the valuation of the assets and liabilities.

The valuation (recognition) of **financial instruments in the trading portfolio** is done at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are initially recognized at their cost of acquisition. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed pursuant to the hierarchical order of valuation criteria set forth in § 255 (4) HGB. Any financial instruments, for which no active market exists, will be valued using generally accepted valuation methods (above all, option pricing models). In general, these methods are based on estimates of future cash flow while taking into account any risk factors that may apply. The most important factors are the price of the underlying, implicit volatilities, yield curves and dividend forecasts. Where the stock market price is used in the valuation, the average stock market price shall apply.

As of November 30, 2016, the risk discount equaled TEUR 219 for the foreign currency risk trading book, TEUR 4,003 for the equities and index risk trading book, and TEUR 379 for the other trading book. The underlying value at risk (VaR) figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, the Bank applied - as of the balance sheet date - a discount to the Other Price Risk Trading Book in the form of a "market value adjustment" totaling TEUR 949, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

Money market transactions are recognized at their face value or nominal amount. Money market transactions in foreign currencies are measured on the basis of § 256a HGB in combination with § 340h HGB.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the fiscal year.

Receivables from clients are recorded at the repayment amount plus accrued interest less any allowances established to cover loan-related risks.

Equity investments are stated at their cost of acquisition less unscheduled write-downs.

Only **intangible assets,** which have been acquired for consideration, are stated at the costs of acquisition less straight-line amortization. In the event of a permanent impairment, an unscheduled write-down is taken.

Tangible assets are stated at acquisition cost less straight line-depreciation. In the event of a permanent impairment, an unscheduled write-down is taken.

Liabilities owed to banks and **liabilities owed to clients** are stated at their settlement amount [*Erfüllungsbetrag*] plus accrued interest.

In connection with hedging the interest rate risk, the Bank recognized on its accounts numerous micro-hedges with a total of five issued ***Schuldscheindarlehen*** (loans that are documented with a certificate of indebtedness known as a "*Schuldschein*") and a face value totaling TEUR 45,000.0. To ensure a refinancing structure with matching maturities, the fixed annual interest rate payments under the certificates of indebtedness which amounted to TEUR 2,224 were swapped for variable interest payments based on the 3-month Euribor by relying on interest rate swap agreements having matching maturities and matching amounts. On the balance sheet date, the Bank elected not to write-up the underlying transactions (*Schuldscheindarlehen*) resulting from the lower interest rate because they had been for the most part covered by the increase in the fair values [*Markwerte*] of the hedges (interest rate swap agreements). The fair value of the *Schuldscheindarlehen* is TEUR 11,485 higher than the book value. The increase in market value of the hedges was also not booked. The Bank applies the net hedge presentation method [*Einfrierungsmethode*] for the hedge established under § 254 HGB. It intends to preserve the hedge until the underlying transactions expire. The prospective and retrospective effectiveness testing is done using the critical term match method.

The **pension provisions** were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship, for which commitments have been made and obligations taken on by affiliated enterprises under debt assumption agreements [*Schuldbeitrittserklärung*], and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time. For 2016, CGMD had calculated an amount of TEUR 1,052 as the period of service expense on the basis of the debt assumption agreement and then charged this amount to the impacted companies.

In order to calculate the present cash value, a discount rate of 4.03 % based on a 15-year term in accordance with the rules of the German Act to Modernize Accounting Law (BilMoG) was used as the basis. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used in this fiscal year (in the prior year, the average market rate of the previous seven fiscal years was used). With respect to the resulting difference, we refer to our comments on page 8 regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.8% adjustment of the current annuities was assumed. The biometrical data was taken from the Heubeck 2005G mortality tables

As part of the efforts to hedge the pension commitments, the Bank purchased or was contractually promised units in the **Rose** fund at costs of acquisition equaling TEUR 100,256.2. In addition, liquid funds [*liquid Mitteln*] totaling TEUR 4,523.1 were transferred to Citibank Pensionsfund e. V. **Assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB.

In the current fiscal year, an expense arose from the accrual of interest on the pension obligations in the amount of TEUR 4,464.0 (prior year: TEUR 22,317.4), while the change in the fair value of the plan assets resulted in income of TEUR 1,541.4 (prior year: TEUR 6,293.1). These earnings components are netted and then reported under other operating expenses. The standard allocation [*Regelzuführung*] produces an expense in the amount of TEUR 800.2 (prior year: expense TEUR 5,070.6).

On the balance sheet date, the fair value of the plan assets that are subject to netting equaled TEUR 172,594.8 (prior year: TEUR 171,053.4). The settlement amount of the pension obligations subject to netting equaled TEUR 177,678.2 (prior year: TEUR 178,066.8) on the balance sheet date. The settlement amount that exceeded the plan assets as of the balance sheet and that equaled TEUR 5,083.4 was shown under line item "Excess of plan assets over post-employment benefit liability" (prior year: TEUR 7,013.4).

Pension obligations also exist under the PAS, PRS and Deferred Compensation plans, which resulted from bonus conversions.

The obligations resulting from the **PAS and Deferred Compensation** plans are linked to the fair value of the relevant fund.

The acquisition costs of the fund units in the PAS Fund (**Sondervermögen PAS)** equal TEUR 4,029.2. On the balance sheet date, the fair value of the PAS Fund assets to be netted equaled TEUR 9,612.7 (prior year: TEUR 10,428.8). The settlement amount of the liabilities to be netted equaled TEUR 9,612.7 (prior year: TEUR 10,428.8).

In the current fiscal year, the change in the fair value (market value) of the plan assets produced an expense in the amount of TEUR 816.0 (prior year income: TEUR 1,102.3). Since the liability under the PAS plan is linked to the fair value of the PAS fund, this yielded income from discounting the liabilities in the amount of TEUR 816.0 (prior year expense: TEUR 1,246.7). In the fiscal year, no current income was accrued (prior year: TEUR 144.6). These components of the result are reported on a net basis.

The costs in acquiring units of the **deferred compensation** fund totaled TEUR 8,976.1. On the balance sheet date, the fair value (market value) of the netted assets of the deferred compensation fund was TEUR 10,188.9 (prior year: TEUR 10,489.3). The settlement amount of the liabilities to be netted equaled TEUR 10,188.9 (prior year: TEUR 10,489.3).

In the current fiscal year, the discounting of the obligations produced an expense in the amount of TEUR 65.2 (prior year: interest expense of TEUR 31.5), and the change in the fair value of the plan assets yielded income of TEUR 65.2 (prior year: income TEUR 31.5). These components of the result are netted.

In connection with hedging the obligations under the bonus conversion, the Bank purchased units of the **PRS** Fund at costs of acquisition equaling TEUR 39,479.2, and it netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the current fiscal year, the accrual of interest on the pension obligations generated an expense totaling TEUR 1,879.9 (prior year: TEUR 4,667.8). The change in the fair value of the plan assets resulted in income of TEUR 1,220.8 (prior year: income TEUR 16.9). No current income was accrued during this fiscal year (prior year: TEUR 91.2). These components of the result are netted and reported under other operating expenses. These components of the result are netted and reported under other operating expenses. The standard allocation produces an expense in the amount of TEUR 98.5 (prior year: TEUR 165.6).

On the balance sheet date, the fair value of the plan assets subject to netting equaled TEUR 47,032.4 (prior year: TEUR 44,649.1). The settlement amount of the pension obligations subject to netting was TEUR 53,915.2 (prior year: TEUR 52,527.8) on the balance sheet date. The settlement amount exceeding the plan assets as of the balance sheet date totaled TEUR 6,882.8 (prior year: TEUR 7,878.7) and was reported as an accrued liability under the item “pensions and similar obligations”.

All netted assets consist of liquid funds or units of equity funds. The funds are managed exclusively by outside asset managers, who invest in publicly listed securities according to prescribed investor guidelines. The applied fair value for the assets is based on the overview of the individual fund assets as provided by the respective manager. Alternative valuation methods are not applied.

All funds are outsourced under trusts or other fiduciary arrangements [*Treuhänderschaften*] and are therefore removed from the grasp of creditors in the event of a CGMD insolvency.

Accrued liabilities for contingent liabilities and for potential losses from open business transactions are valued at the settlement amount required on the basis of sound business judgment [*vernünftiger kaufmännischer Beurteilung*].

The other accrued liabilities or provisions have a term to maturity of less than one year, except for the obligations under employee anniversaries and involving early retirement.

On the balance sheet date, the settlement amount for the early retirement obligations equaled TEUR 3,547.2 (prior year: TEUR 4,527.2). The fair value of the pledged reinsurance policies in the amount of TEUR 2,739.8 (prior year: TEUR 3,731.6) was netted against the settlement amount of the early retirement obligations. The settlement amount exceeding the plan assets on the settlement date and totaling TEUR 807.4 (prior year: TEUR 795.6) was shown under the line item, “Other accrued liabilities”. In the current fiscal year, an expense in the amount of TEUR 133.3 (prior year: TEUR 230.9) arises from the accrual of interest on the obligations, while income in the amount of TEUR 83.8 (prior year: TEUR 54.0) is yielded from a change in the fair value of the plan assets. These components of the result are netted and reported under other operating expenses.

The standard allocation produces an expense in the amount of TEUR 327.5 (prior year: TEUR 807.4).

In light of the examination conducted to meet the requirements of setting aside a provision for threatened losses resulting from interest rate-driven transactions in the banking book [*Bankbuch*] (whether reported on the balance sheet or not) pursuant to § 340a in combination with § 249 (1) sentence 1, Alt. 1 HGB, CGMD applies the cash value approach in accordance with IDW’s official statement RS BFA 3.

The items, which are included in the loss-free valuation, relate to typical bank contractual relationships arising from the deposits and lending business and cover the entire CGMD banking book, including off-balance sheet transactions.

The future cash flow generated from such transactions as well as the risk and administrative costs are discounted to present value on the basis of a risk-free yield curve after converting into the reporting currency, if required.

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their contractually prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank's own refinancing costs. Where there are net liability positions, the fictitious lending transaction is discounted at a rate with no risk premium. Viewed as of November 30, 2016, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

The calculation as of November 30, 2016 did not produce a need for setting aside a provision to cover threatened losses from the valuation of interest-rate driven transactions.

The **total sum of the amounts, which are barred from payout distribution** amounted to TEUR 104,897.6 (prior year: TEUR 80,153.7). The amount barred from payout distribution within the meaning of § 268 (8) HGB equals TEUR 82,165.2 (prior year: TEUR 80,153.7), is yielded entirely from the capitalization of the plan assets at fair value in the amount of TEUR 239,428.9 (prior year: 236,620.5). The amount barred from payout distribution within the meaning of § 253 (6) sentence 1 HGB equals TEUR 22,732.4 (prior year: TEUR 0) is yielded from the difference between the valuation of the pension provisions using the 10-year average interest rate pursuant to § 253 (2) sentence 1 HGB and the 7-year average interest rate. The freely available provisions exceed the total sum of the amounts that are barred from payout distribution.

Accruals are set aside in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on CGMD's financial condition.

Income and **expense** items are duly allocated to the period in which they were generated.

At the start of the most recently completed fiscal year, Citigroup changed the method of its transfer pricing system for most of its products. In so doing, the method of cost plus offsetting, which had been used in prior years, was replaced by a process that is based on the value-added chain. The compensation of the business units involved in the business process is now a percentage of earnings according to their roles in the overall process.

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 “Negative interest income” or no. 4 “Positive interest from loans and money market transactions” in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

In accordance with § 256a HGB, **foreign currency positions** were converted into Euros at the exchange rate set by the ECB on the reporting date and published by the German *Bundesbank* system (average spot exchange rate).

3. Notes on the Balance Sheet

a) Assets based on term to maturity

Receivables from banks	Nov 30, 2016	Nov 30, 2015
	TEUR	TEUR
a) payable on demand	130,581	117,644
b) up to three months	3,212,800	3,353,600
accrued interest	-35	237
	3,343,346	3,471,481

Receivables from clients	Nov 30, 2016	Nov 30, 2015
	TEUR	TEUR
a) up to three months	141.229	152,656
b) more than three months and up to one year	4.557	66,593
accrued interest	241	299
	146.027	219.548

Liabilities owed to banks	Nov 30, 2016	Nov 30, 2015
	TEUR	TEUR
a) payable on demand	708,836	924,328
b) up to three months	17,352	22,511
accrued interest	-45	69
	726,143	946,908

Liabilities owed to clients	Nov 30, 2016	Nov 30, 2015
	TEUR	TEUR
payable on demand	1,208,508	1,199,095
a) up to three months	785,000	804,417
b) more than three months and up to one year	5,000	5,000
c) more than one year and up to five years	10,000	15,000
d) more than five years	30,000	30,000
accrued interest	225	189
	2,038,733	2,053,701

b) Fixed asset movement schedule

	Original acquisition costs		Reversal of write-downs (cumulative write-ups)		Accumulated depreciation, amortization and write-downs		Book values	
	Nov. 30, 2015	Additions (Disposals) Reposting	Nov. 30, 2015	Additions	Nov. 30, 2015	Additions (Disposals) Reposting	Nov. 30, 2015	Nov. 30, 2015
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangible assets acquired for consideration	5,211	-	-	-	5,211	-	-	-
Office and plant equipment	8,963	563 (139)	-	-	8,328	325 (139)	873	636
Leasehold improvements	13,463	1.590	-	-	12,920	438	1,695	542
Construction in progress	337	104 (330)	-	-	-	-	111	337
Equity investments	1,354	- (218)	-	-	-	-	1,136	1,354
Total	29,328	2,257 (687)	-	-	26,459	763 (139)	3,815	2,869

Any and all intangible and tangible assets (office and plant equipment as well as leasehold improvements) were used by CGMD itself.

Depreciation, amortization and write-downs relating to the additions made during the fiscal year equaled TEUR 132.

c) Receivables from, and liabilities owed to, affiliated enterprises

	Nov 30, 2016	Nov 30, 2015
	TEUR	TEUR
Receivables from banks	496,227	1,290,100
Receivables from clients	30,731	5,986
Other assets	-	814
Liabilities owed to banks	580,110	814,324
Liabilities owed to clients	951,160	907,751
Other liabilities	46,064	37,478

d) Assets and liabilities denominated in foreign currencies

	Nov 30, 2016	Nov 30, 2015
	TEUR	TEUR
Assets	117,253	14
Liabilities	193,885	2,383

e) Other notes

The asset item shown on the balance sheet, trading portfolio (line item 5a), is divided into derivative financial instruments totaling EUR 3,534.6 million (prior year: EUR 6,404.2 million), debt securities and other fixed-income securities in the amount of EUR 702.0 million (prior year: EUR 685.5 million), and shares and other variable-yield securities in the amount of EUR 359.7 million (prior year: EUR 377.2 million). Of the debt securities and other fixed income securities, EUR 702.0 million (prior year: EUR 685.5 million) were eligible and listed for trading on a stock market. Of the shares and variable-yield securities, EUR 359.7 million (prior year: EUR 377.2 million) were eligible and listed for trading on a stock market.

The equity investments totaling EUR 1.1 million (prior year: EUR 1.4 million) are not eligible for trading on a stock market.

The item shown as other assets in the amount of EUR 15.6 million (prior year: EUR 9.2 million) includes primarily tax receivables of EUR 6.0 million (prior year: EUR 6.0 million), claims under reinsurance policies of EUR 0.6 million (prior year: EUR 1.0 million) and receivables from initial margin EUR 8.1 million (prior year: 0).

The liability item shown on the balance sheet, trading portfolio (line item 3a), is divided into derivative financial instruments in the amount of EUR 3,621 million (prior year: EUR 6,449.0 million) and liabilities arising from issued and outstanding debt securities in the amount of EUR 1,004.0 million (prior year: EUR 981.4 million).

The item, other liabilities, in the amount of EUR 65.7 million (prior year: EUR 49.8 million) relates primarily to liabilities under the profit transfer obligations totaling EUR 45.5 million (prior year: EUR 32.9 million), liabilities arising from the restructuring and totaling EUR 3.8 million (prior year: EUR 1.1 million) and value added tax in the amount of EUR 0.9 million (prior year: EUR 0.9 million) and investment income withholding tax in the amount of EUR 0.8 million (prior year receivables EUR 0.1 million.

The item entitled "other accrued liabilities" relates primarily to the provisions made for bonuses and provisions for restructuring and early retirement. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 25.8 million (prior year: EUR 22.8 million). Provisions in the amount of EUR 9.2 million (prior year: EUR 5.2 million) relate to unpaid investment income withholding tax for prior business years. Provisions for restructuring in the fiscal year amount to EUR 0.5 million (prior year: EUR 1.7 million). Provisions for early retirement equaled EUR 0.8 million (prior year: 0.8 million) after setting-off the pledged re-insurance policies in the amount of EUR 2.7 million (prior year: EUR 3.7 million).

The contingent liabilities relate to guarantees and warranty contracts. These agreements stem from guarantees made in the amount of EUR 475.1 (prior year: EUR 525.6 million). The Bank believes that the likelihood that claims will be made under the guarantees and warranty contracts, which are shown in the balance sheet, is small due to the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

Of the irrevocable credit lines granted in the amount of EUR 428.2 million (prior year: EUR 581.3 million), EUR 416.5 million (prior year: EUR 581.3 million) have a term to maturity of more than one year, EUR 11.7 million have a term of less than one year (prior year: EUR 0). The lines of credit have been granted exclusively to non-banks.

As of the balance sheet date, the Bank had not engaged in any off-balance sheet transactions which fall within the meaning of § 285 no. 3a HGB and which were outside the ordinary course of business.

Transactions with related parties within the meaning of § 285 no. 21 HGB are made only on an arm’s length basis.

f) Other contingent liabilities

Under a type of absolute guarantee [*selbstschulderische Bürgschaft*], the Bank has assumed secondary liability for the performance of the additional funding obligations of the other member banks of the banking association known as Bundesverband deutscher Banken e.V, Berlin.

Moreover, since 2009, the Bank has taken the opportunity of participating in the credit filing system [*Krediteinreichungsverfahren*] of the German Central Bank [*Bundesbank*], Frankfurt am Main, pursuant to which the credit commitment on file serves as security for the cash funds received. CGMD participated in the credit filing system in the fiscal year.

Together with Citibank N.A. in New York, the Frankfurt Branch, and Citigroup Global Markets Finance Corporation & Co. KG, Frankfurt, the Bank is also liable under the debt assumption agreements of November 30, 2011 in connection with the benefits owed for the pension commitments. Commensurate indemnity payments, the amount of which tracks the period of service expense, have been contractually promised by the contracting partners.

g) Other financial liabilities

Financial liabilities of EUR 3.4 million *per annum* exist under leases that run until the end of their term on 30 June 2020.

4. Notes on the Income Statement

The income and expenses included in the income statement were generated from both domestic and foreign business sources.

The persistently low interest rates, the negative yield made on deposits with the ECB as well as the weak demand for loans led to a negative net interest income of EUR 4.2 million (prior year: positive net interest income of EUR 0.4 million). Of the negative interest income from loans and money market transactions totaling EUR 6.7 million (prior year: positive interest income of EUR 1.1 million), EUR 6.2 million (prior year: EUR 5.2 million) was attributable to positive interest income and EUR 12.9 million (prior year: EUR 4.0 million) was attributable to negative interest income. Of the negative interest expenses totaling EUR 2.5 million (prior year positive interest expenses of EUR 0.8 million), EUR 2.7 million (prior year: 2.9 million) is attributable to interest expenses and EUR 5.2 million (prior year: 2.1 million) is attributable to positive interest from credit and money market transactions.

Commission income increased by EUR 15.5 million to EUR 164.0 million (prior year: EUR 148.5 million). This is made up primarily of brokerage commissions earned by affiliated enterprises totaling EUR 108.1 million (prior year: 85.5 million), commissions from securities transactions of EUR 24.2 million (prior year: 23.2 million) and commissions from Eurex products of EUR 15.6 million (prior year: 20.9 million)

Commission expenses equaled EUR 3.7 million (prior year: EUR 2.5 million) and included mostly intra-group cost sharing for relationship management.

The net income of the trading portfolio resulted primarily from gains and losses of the currency risk trading book in the amount of EUR 12.2 million (prior year: EUR 12.2 million) and of the equities and index risk trading book in the amount of EUR 39.1 million (prior year: EUR 49.9 million). The negative result reported in the other trading book equals EUR 0.3 million (prior year: negative result of EUR 0.9 million) and consists mostly of results from warrants traded on commodities and precious metals and from exchange-traded futures transactions on commodities and precious metals. The negative result in the interest rate risk trading book is TEUR 3.8 (prior year: positive result TEUR 4.6) and includes results from interest rate swap agreements.
Under the item, net income from financial trading operations, no amounts were deducted during the fiscal year pursuant to § 340e (4) HGB (prior year EUR 6.1 million). There were no allocations to the fund for general bank risks in accordance with § 340g HGB because the statutory minimum for the fund has been reached.

Other operating income equaled EUR 1.5 million (prior year: EUR 5.5 million) and included mostly income from the write-back of provisions in the amount of EUR 0.1

million (prior year: EUR 1.3 million) and income derived from cost set-offs with affiliated enterprises in the amount of EUR 1.1 million (prior year: EUR 1.0 million) and income from subleasing in the amount of EUR 0.3 million (prior year EUR 0.3 million). The item “other operating income” does not include any income that is unrelated to the accounting period (prior year: EUR 0).

Personnel expenses rose by EUR 4.4 million to EUR 75.4 million (prior year: EUR 71.0 million). The change can be traced mostly to the allocation for restructuring and bonus reserves.

The other administrative expenses total EUR 75.1 million (prior year: EUR 71.8 million) and consist primarily of processing costs of Citigroup, Citi charge-outs, custody fees, rents and costs for the listing of derivative products.

The other operating expenses equaled EUR 12.7 million (prior year: EUR 32.1 million) and included mostly expenses and income (net) from valuing the plan assets [*Pensionsdeckungsvermögens*] and the pension obligations in the amount of EUR 3.6 million (prior year: EUR 20.8 million) and additions to provisions in connection with unpaid investment income withholding tax for past business years in the amount of EUR 4.0 million (prior year: EUR 5.2 million). Operating expenses also includes losses in the amount of EUR 1.1 million (prior year: EUR 0) from the sale of a receivable.

.

In the fiscal year, the Bank booked taxes on income and earnings from earlier years in the amount of EUR 0.4 million (prior year: EUR 0.8 million). Of that amount, EUR 0.0 million relate to taxes on income and earnings from prior years (prior year: EUR 0.3 million).

Effective as of the end of fiscal year 2008, the tax allocation agreement (*Steuerumlagevertrag*) that had been in place with Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main, was terminated. The expenses incurred for domestic taxes are still shown at the level of the tax group parent company [*Organträger*].

Pursuant to a profit transfer or partial profit transfer agreement, the allocated profits were transferred to Citicorp Global Markets Finance Corporation & Co. beschränkt haftende KG, Frankfurt am Main, in the amount of EUR 45.5 million.

5. Fee of the Annual Accounts Auditor

The total fee charged by the annual accounts auditor for fiscal year 2016 includes:

a) Annual audit services	EUR 919,000.00
b) Other consulting services	EUR 139,500.00
c) Tax advisory services	EUR 0.00
d) Miscellaneous services	EUR 5,000.00
e) Expenses	EUR 149,950.00
f) Total	EUR 1,209,450.00

6. Notes on Derivative Transactions

a) Types of derivative transactions

As of November 30, 2016, the Bank's derivative transactions included the following types of transactions:

aa) Trading transactions

aaa) Foreign currency risk trading book: OTC currency option transactions and currency warrants.

aab) Equities and index trading book: equities and other variable-yield securities in the trading portfolio, equities and index warrants, exchange-traded futures and options on equities and equity indexes, as well as index certificates and equity certificates.

aac) Other trading book: exchange-traded futures transactions and warrants on commodities and precious metals.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per November 30, 2016:

ba) Foreign currency risk trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC currency options					
Bought	37	2	-	39	0.7
Sold	-	-	-	-	-
Currency warrants					
Own issues					
Bought	236	2	344	582	33.2
Sold	294	5	370	669	./. 36.2
Exchange-traded futures					
Foreign exchange certificates					
Bought	16	-	-	16	0.4
Sold	2	-	-	2	-

The foreign currency risk trading book consists primarily of options on the price of gold and the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

bb) Equities and index trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Equity warrants					
Own issues					
Bought	4,427	816	2,984	8,227	1,613.0
Sold	6,312	1,296	3,178	10,786	./. 1,721.0
Third party index warrant issuers					
Bought	13	-	-	13	0.5
Index warrants					
Own issues					
Bought	18,677	69	11,047	29,793	1,812.1
Sold	19,422	87	11,212	30,721	./.1,833.6
Exchange-traded index futures					
Bought	112	-	-	112	0.4
Sold	237	-	-	237	./. 0.7
Exchange-traded index options					
Bought	383	13	-	396	5.1
Sold	185	16	-	201	./. 4.2
Exchange-traded stock options					
Bought	1,193	335	-	1,528	56.1
Sold	76	14	-	90	./. 5.2
Index and equity certificates					
Own issues					
Bought	124	4	376	504	702.0
Sold	369	39	347	755	./. 1,004.0

The Equities and index trading book includes mostly options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term.

bc) Other trading operations

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Warrants on commodities and precious metals					
Own issue					
Bought	13	-	74	87	18.9
Sold	19	1	77	97	./.19.9
Exchange-traded precious metal futures					
Bought	7	-	-	7	0.2
Sold	4	-	-	4	./ 0.1

The other trading operations trading book includes above all options on the price of oil and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

c) **Counterparty credit risk in derivatives trading**

As of November 30, 2016, the credit equivalents under the CCR (Counterparty Credit Risk) before credit risk weighting and after regulatory netting are as follows:

Credit risk	Companies and individuals and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Credit equivalent in EUR ‘000		
Foreign currency risk and other price risks trading book	2,593	212,707	-
Other trading transactions	-	11,347	-
Total	2,593	224,054	-

d) **Non-settled forward transactions**

In connection with the option transactions, CGMD books the premium on the trade date. On the balance sheet date, this practice results in obligations arising from forward transactions that have not yet settled and that are reported in the trade balance sheet for currency risks, equity and index risks and other risks.

7. Miscellaneous notes

CGMD is included in the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, Reuterweg 16, 60323 Frankfurt am Main, which is where the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG can also be obtained. Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is included in the consolidated financial statements of Citigroup Inc., 388 Greenwich Street in New York, as the ultimate group parent company, which is where the Citigroup consolidated financial statements can also be obtained.

Since 2001, CGMD has had a branch in London, which carries out primarily warrant transactions.

The CGMD Executive Board consist of the following members

Stefan Wintels, Frankfurt am Main, Bank Director, Chairman
Dr. Silvia Carpitella, Frankfurt am Main, Bank Director,
Thomas Falk, Hochheim am Main, Bank Director,
Stefan Hafke, Kelkheim, Bank Director,
Andreas Hamm, Dreieich, Bank Director,
Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Christian Spieler, Bad Homburg, Bank Director.

The Supervisory Board consists of the following members:

Hans W. Reich, Kronberg, Bank Director, Chairman,
Bradley Gans, London, Bank Director, Deputy Chairman,
Tim Färber, Kelsterbach, Salaried Bank Employee, Employee Representative

During fiscal year 2016, the Bank employed an average of 268 persons. The average period of employment for staff members as of November 30, 2016 was as follows:

102	Employees	up to 5 years
57	Employees	6-10 years
59	Employees	11-20 years
41	Employees	21 years or more
266		

In the fiscal year, total remuneration (including stock options granted) of the Executive Board was TEUR 7,051.3. Pension obligations totaled approximately TEUR 2,356.9. In the reporting year, total remuneration (including stock options exercised) of former members of management bodies and their survivors totaled approximately TEUR 1,622.5. Liabilities for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 44,191.2.

On the basis of the equity-based remuneration, approximately 26.6 thousand shares amounting to USD 1,569.3 thousand were granted as variable compensation.

In fiscal year 2015, supervisory board remuneration totaling TEUR 37.8 was granted. The Company has exercised its elective right under § 286 (4) HGB regarding disclosures about provisions for current pensions and pension expectancies [*Anwartschaften*] of the supervisory board members under § 285 (9) b.

In the fiscal year, the members of the advisory board [*Beirat*] were paid compensation totaling TEUR 547.4.

At year end, there were no outstanding loan obligations owed by members of the Executive Board of CGMD.

8. Supplementary report

No events of special importance (*besonderer Bedeutung*) have occurred following the balance sheet date (Negative Covenant)).

Frankfurt am Main, March 23, 2017

Citigroup Global Markets Deutschland AG

Stefan Wintels (CEO)	Dr. Silvia Carpitella
Thomas Falk	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Christian Spieler	

Report from the Supervisory Board of Citigroup Global Markets Deutschland AG

Throughout the fiscal year, the Supervisory Board continually received verbal and written reports from the Executive Board about the condition of the Company and its business development. The Supervisory Board Chairman solicited regular, timely and comprehensive reports from the Executive Board about the course of business and key developments at the Bank and in the Group and monitored them even between meetings. The focal issues here included, among other things, the Company's strategic plan, the outsourcing of services, the allocation of costs and activities within the Group, the challenges in the area of taxes, the risk situation and the development of goals and targets for promoting greater representation of the underrepresented sex on the Executive Board and Supervisory Board. The Supervisory Board also addressed numerous legislative and regulatory changes, for example the implementation of the remuneration rules under the CRD IV Directive and the Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung*). Thus, in accordance with the statutory provisions, it monitored the Company's management.

The Supervisory Board held four regular meetings during the reporting year. The Supervisory Board also held a special meeting that addressed principles regarding Executive Board remuneration as well as the status and progress of various internal and external audits. The subject matter of all the regular Supervisory Board meetings were the regular reports from the Executive Board on the current condition of the Company, including *inter alia* the basis of the risk report. The Supervisory Board also adopted resolutions pursuant to the circulated resolution approval procedure [*Umlaufverfahren*]. No personnel decisions needed to be made. The composition of the Executive Board remained unchanged during the reporting period.

Given its size, the Supervisory Board once again did not form any separate committees. The Audit Committee was dissolved during the reporting period and the topics addressed in that committee were integrated into the agenda for the Supervisory Board meetings.

The members of the Supervisory Board participated, under their initiative, in educational and training programs required for them to perform their tasks. At the same time, the Supervisory Board Chairman received guidance from outside experts on complex topics such as risk management and accounting and was provided with an outlook concerning the upcoming regulatory, accounting and legal issues for 2017. In this regard, it also held discussions with the European Central Bank and the German *Bundesbank*.

The annual financial statements and management report for fiscal year ending November 30, 2016, including the bookkeeping system, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and were found to comply with the applicable statutory provisions and the Company's articles of association. The annual financial statements and management report were issued an unqualified auditor's report (*uneingeschränkten Bestätigungsvermerk*). We agree with the audit report.

Based on the completed results from the audit of the annual financial statements and management report as undertaken by the Supervisory Board, there have been no objections raised. At its meeting on March 29, 2017, the Supervisory Board approved the annual financial statements as per November 30, 2016 and as submitted by the Executive Board and approved the management report.

The Supervisory Board thanked the Executive Board members and the employees for their commitment and contributions in achieving the Company's defined goals.

Frankfurt am Main, March 29, 2019

The Supervisory Board

Hans W. Reich
Chairman

Auditor's Report

We have issued the unqualified auditor's report as follows:

Auditor's Report

We have audited the annual financial statements – comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity, and the notes to the financial statements – as well as the bookkeeping system and the management report of the Citigroup Global Markets Deutschland AG, Frankfurt am Main, for the fiscal year from December 1, 2015 through November 30, 2016. The bookkeeping and the preparation of the annual financial statements and management report in accordance with German commercial law is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements (including the bookkeeping system) and the management report on the basis of our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("Handelsgesetzbuch" or the "German Commercial Code") and German generally accepted standards for auditing financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW) (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements and violations, which have a material effect on the presentation of the net assets, financial position and results of operations as reported in the annual financial statements prepared in accordance with German principles of proper accounting and in the management report, are detected with reasonable certainty [*hinreichender Sicherheit*]. Knowledge of the business activities and of the economic and legal environment in which the Company does business as well the expectations about possible mistakes are taken into account in determining the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the information contained in the books and records, the annual financial statements and the management report are examined largely on a test sampling basis during the course of the audit. The audit includes an assessment of the accounting principles used and of the significant estimates made by the Executive Board, as well as the evaluation of the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonably secure basis for our opinion.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and present, in accordance with the German principles of proper accounting, a true and fair view of the net assets, financial position and results of operations of the Company. The management report is consistent with the annual financial statements and, as a whole, provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 24, 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pfeiffer Wirtschaftsprüfer	Dr. Niemeyer Wirtschaftsprüfer